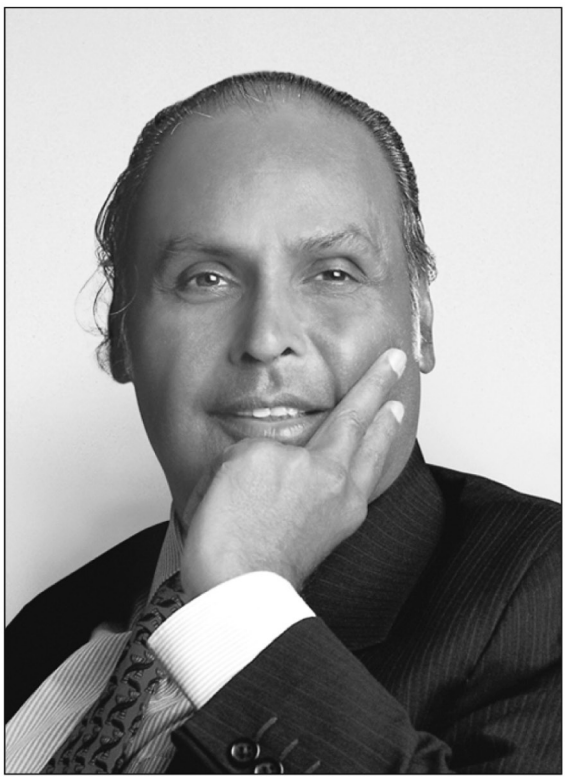
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RELIANCE
Capital

Annual Report 2011-12

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Dhirubhai H. Ambani

(28th December, 1932 - 6th July, 2002)
Reliance Group - Founder and Visionary

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Profile

Reliance Capital Ltd. is a part of the Reliance Group, one of the Leading business houses in India.

Reliance Capital, incorporated in 1986, is one of India's leading and fastest growing private sector financial services companies, and ranks among the top 4 private sector financial services and banking companies, in terms of networth.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, commercial and home finance, stock broking, investment banking, wealth management services, distribution of financial products, exchanges, private equity, asset reconstruction, proprietary investments and other activities in financial services.

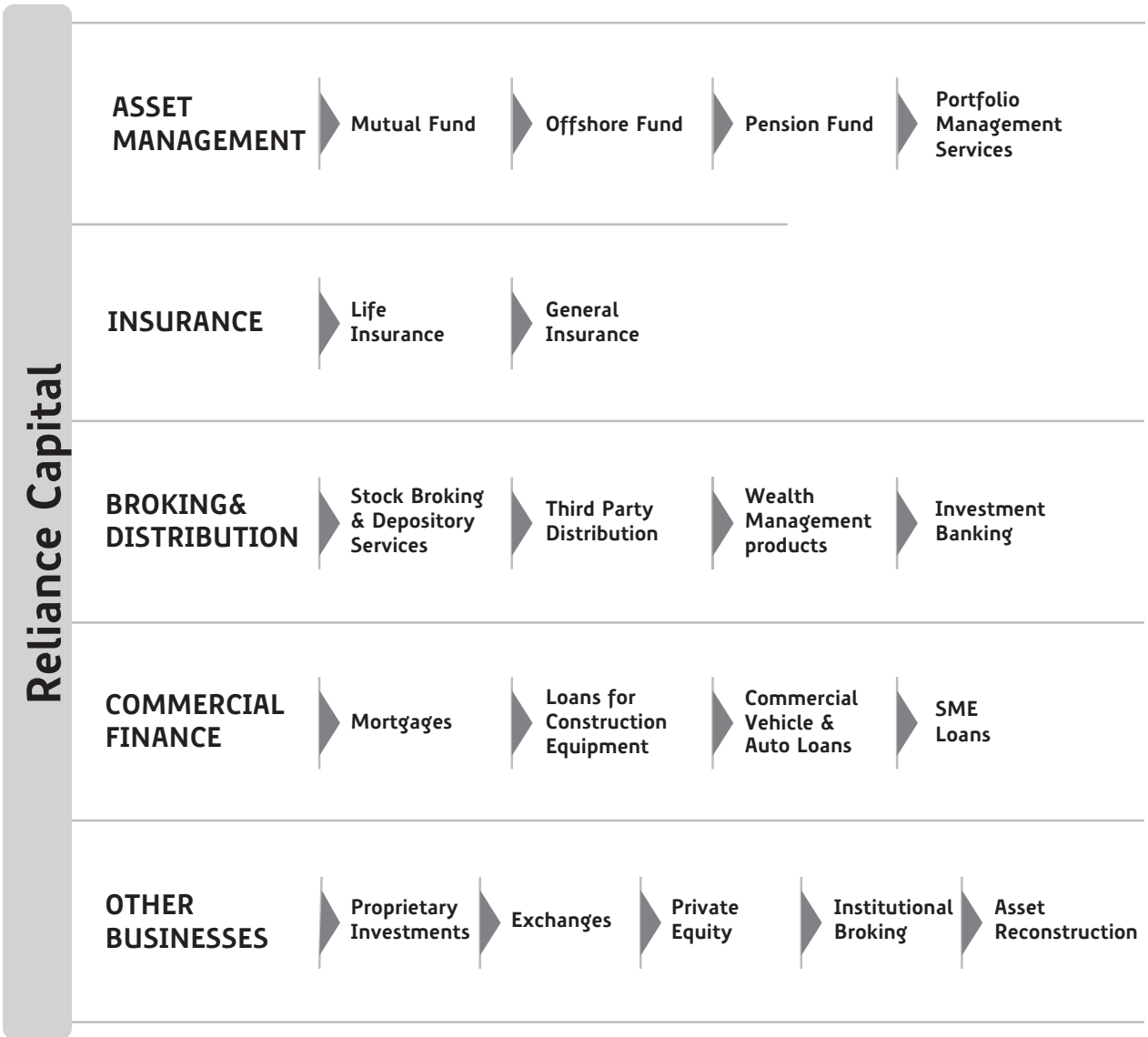
Mission: Excellence in Financial Services

- To attain global best practices and become a world-class financial services enterprise – guided by its purpose to move towards greater degree of sophistication and maturity.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and make the Company a respected household name.
- To consistently achieve high growth with the highest levels of productivity.
- To be a technology driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and above all the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

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Business mix



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Reliance Capital Limited

Board of Directors

Shri Anil Dhirubhai Ambani – Chairman
Shri Amitabh Jhunjhunwala – Vice Chairman
Shri Rajendra P. Chitale
Shri C. P. Jain
Dr. Bidhubhusan Samal
Shri V. N. Kaul

Company Secretary & Manager

Shri V. R. Mohan

Auditors

M/s. Chaturvedi & Shah
M/s. B S R & Co.

Registered Office

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Maharashtra, India

Registrar & Transfer Agent

Karvy Computershare Private Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village
Hyderabad - 500081
Andhra Pradesh, India
website: www.karvy.com

Investor Helpdesk

Toll free no. (India) : 1800 4250 999

Telephone : +91 40 4030 8000
Fax No. : +91 40 2342 0859
Email : rclinvestor@karvy.com
Post your request : http://kcpl.karvy.com/adag

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26th Annual General Meeting on Tuesday, September 4, 2012 at 10:00 a.m.,
at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

The Annual Report can be accessed at www.reliancecapital.co.in

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Reliance Capital Limited

Letter to Shareowners



My dear fellow Shareowners,

It gives me great pleasure to share with you the highlights of our Company's performance during the financial year 2011-12.

Reliance Capital maintained its focus during the year towards improving the operational performance against the backdrop of slowing GDP growth in the country and a tough global economic environment.

We continue our endeavour to fulfill the vision of our legendary founder and my father, late Shri Dhirubhai Ambani. It was Dhirubhai's ambition to achieve financial empowerment for millions of ordinary Indians, and, in the process, enable Reliance Capital to become one of India's leading financial services players.

Our Company is India's one of the largest non-banking financial services company. We have diversified interests in asset management and mutual funds, life and general insurance, commercial and home finance, stock broking, investment banking, wealth management services, distribution of financial products, exchanges, private equity, asset reconstruction, proprietary investments and other activities in financial services.

Today, each of us can claim with pride and humility that the Reliance Group touches the life of one in every five Indians, every single day. This proud association defines our vision and values. It defines who we are, what we stand for and what we aspire to achieve.

Performance Review

The key financial highlights on a consolidated basis are:

a **Total income of ₹ 6,627 crore** (US$ 1 billion), against ₹ 5,536 crore in the previous year, an increase of 21 per cent

b **Net profit of ₹ 458 crore** (US$ 96 million), against ₹ 291 crore in the previous year, an increase of 57 per cent

c **Earnings per share (EPS) of ₹ 19**, against ₹ 12 in the previous year, an increase of 57 per cent

d **Total Assets of ₹ 35,343 crore** (US$ 7 billion), against ₹ 32,087 crore in the previous year, an increase of 10 per cent

e **Total net worth of ₹ 11,697 crore** (US$ 2 billion) as against ₹ 7,809 crore in the previous year, an increase of 50 per cent

These robust financial numbers have enabled us to recommend a dividend of ₹ 7.50 per share against ₹ 6.50 per share in the previous year.

Highest credit ratings

Our Company's short term borrowing program has been assigned a rating of "A1+" by ICRA and CRISIL, the highest credit quality rating assigned by the respective agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. A third agency, CARE, assigned our long term debt paper a rating of "CARE AAA". Instruments with this rating are considered to have the best credit quality, and offer investors the highest degree of safety for timely servicing of debt obligations. Such instruments carry lowest credit risk.

Achievements during the year across key operating businesses

The year under review has seen our operating businesses grow from strength to strength despite uncertain market conditions.

Reliance Capital Asset Management (RCAM) is the largest asset management company in India, managing over ₹ 1,40,000 crore (US$ 28 billion) across its mutual funds, pension funds, managed accounts and hedge funds and real estate fund. RCAM's profit before tax increased by 5 per cent at ₹ 308 crore (US$ 64 million) as against ₹ 294 crore in the previous year.

Reliance Mutual Fund (RMF) maintained its position amongst the top asset managers in the Country with a market share of 12 per cent. The average assets under management (AAUM) for RMF stood at ₹ 78,112 crore (US$ 15 billion). The number of investor folios remained steady at 7 million, despite recent regulatory changes. RMF has remained focused on newer opportunities and revised its product mix to tap the retail opportunity, mainly in debt. During the year, our portfolio of Systematic Investment Plan and Systematic Transfer plan investor accounts reached to approximately 2 million. RMF launched a unique retail Gold Savings Fund in February 2011. This fund is the first gold fund in India and largest in terms of retail participation and had 28 per cent market share in gold AAUMs as on March 31, 2012.

During the year, Nippon Life signed final agreements to acquire a 26 per cent stake in RCAM, subject to regulatory approvals. The transaction pegs RCAM valuation at ₹ 5,600 crore (US$ 1 billion), translating to 7 per cent of AAUM. Nippon Life seeks to invest ₹ 1,450 crore (US$ 283 million) for a 26 per cent stake in RCAM. This is the largest FDI in Indian Mutual Fund Sector till date and the largest investment in any Indian AMC. Nippon Life is a 122 year old Global Fortune 100 company, and manages over ₹ 30 lakh crore (over US$ 600 billion) in assets, amongst the largest total assets in the world for any life insurer.

Reliance Life Insurance (RLI) is amongst the leading private sector life insurers with a market share of 6 per cent in the private sector. RLI garnered a total premium of ₹ 5,470 crore (US$ 1 billion) in the year, as against ₹ 6,548 crore in the previous year. RLI received new business premium of ₹ 1,809 crore (US$ 377 million) for the year as compared to ₹ 3,035 crore in the previous year. The renewal premium for the year was

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Letter to Shareowners

₹ 3,688 crore (US$ 769 million) as against ₹ 3,536 crore in the previous year – an increase of 4 per cent. The total funds under management increased by 5 per cent to ₹ 18,767 crore (US$ 4 billion). During the year, RLI sold the highest number of individual premium policies in the private sector at approximately 11 lakh. Nippon Life invested a sum of ₹ 3,062 crore (US$ 58.6 million) into the business during the year.

Our broking business consists of Reliance Securities, one of the leading retail broking houses in India, that provides customers with access to equities, equity options and commodities futures, wealth management, portfolio management services, mutual funds, IPOs and investment banking, and Quant Capital, which caters to wholesale client segment of the capital markets, including foreign and domestic institutions, corporations and ultra high net worth individuals. We had approximately 7 lakh broking accounts as on March 31, 2012. The average daily equity broking turnover stood at ₹ 1 282 crore (US$ 267 million). In wealth management, the AUM stood at ₹ 578 crore as on March 31, 2012, an annual growth of 152 per cent. In investment banking, the company handled 2 issues and mobilised ₹ 79 crore (US$ 16 million) and did IPO funding of ₹ 135 crore (US$ 26 million). The broking business achieved a profit before tax of ₹ 32 crore (US$ 7 million) for the year ended March 31, 2012, an increase of 54 per cent from the previous year.

The distribution business of Reliance Capital, under the brand name Reliance Money, is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans, gold coins and premium products. It has a pan-India distribution network of over 6,000 outlets. Reliance Money sold more than 2,200 kilograms of Gold in the financial year 2011-12, an increase of 54 per cent over the previous year. Reliance Money has maintained its position as the largest private sector partner for Western Union Money Transfer, and has handled over 22 lakh money transfer transactions during the year. The business achieved profit before tax of ₹ 23 crore (US$ 5 million) for the year ended March 31, 2012 as against a profit of ₹ 12 crore in the previous year.

Reliance General Insurance is amongst the leading private sector general insurance companies in India with a market share of 8 per cent. Reliance General Insurance's gross written premium for the year ended March 31, 2012 was ₹ 1,713 crore (US$ 357 million) as against ₹ 1,655 crore in the previous year.

Commercial Finance Business offers a wide range of products which include home loans, loans against property, SME loans, commercial vehicle loans, loans for construction equipment and infrastructure loans. In accordance with our focus on improving the asset quality as well as the profitability of each loan given, and not merely a gain in market share, nearly 100 per cent of the outstanding book was secured as on March 31, 2012 as against 97 per cent as on March 31, 2011. Reliance Commercial Finance is one of the leading lenders in the Indian non banking finance space with disbursements at ₹ 7,937 crore (US$ 2 billion) for the year ended March 31, 2012. The outstanding loan book grew by 8 per cent to ₹ 13,239 crore (US$ 3 billion) as on March 31, 2012, compared to ₹ 12,290 crore as on March 31, 2011. This loan book is spread over 94,000 customers from top 18 Indian metros. The profit before tax was at ₹ 254 crore (US$ 53 million) as against ₹ 269 crore for the previous year.

Future Plans

We have drawn up exciting growth plans for the next three to five years:

- Increase our customer base – from 20 million to 50 million
- Increase the distribution reach – from 5 thousand to 25 thousand cities and towns
- Increase the number of business partners – from half a million to one million
- Globalise operations by leveraging our domestic experience and capabilities to expand our asset management and wealth management businesses in emerging markets across the world

Together, these initiatives will further accelerate our growth and lead to substantial value creation for all.

Social Commitments

The Company continued to contribute actively to community welfare activities and took up several initiatives and measures related to education and healthcare.

Corporate Governance

Reliance Capital has always maintained the best governance standards and practices by adopting, as is the norm for all constituent companies of the Group, the "Reliance Group – Corporate Governance Policies and Code of Conduct". These Policies and Code prescribe a set of systems, processes and principles, which conform to the highest international standards and are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of investors, both local and global, and all other stakeholders.

Our Commitment

Our founder, the legendary Shri Dhirubhai Ambani, gave us a simple mantra to aspire to the highest global standards of quality, efficiency, operational performance and customer care. We remain committed to upholding that vision. Dhirubhai exhorted us to think big. With your continued support, we will think bigger. Indeed not just bigger but better, creating ever greater value for all our stakeholders.



Anil Dhirubhai Ambani
Chairman

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Reliance Capital Limited

Highlights – at a glance (Standalone)

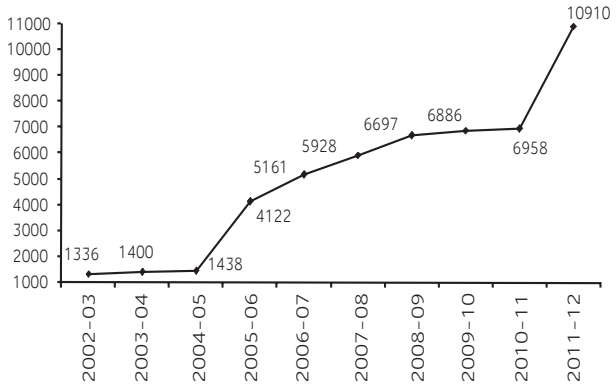
(₹ in crore)

Year ended March 31	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Turnover	3 317	1 971	2 390	3 014	2 080	884	652	296	357	459
Earnings Before Depreciation, Interest & Tax (EBDIT)	2 712	1 472	1 724	2 335	1 597	783	619	290	348	447
Depreciation	26	14	18	21	17	7	23	28	42	92
Profit after Tax	519	229	339	968	1 025	646	537	106	106	103
Equity Dividend %	75	65	65	65	55	35	32	30	29	29
Dividend Payout (including tax)	191	161	187	187	158	101	81	38	37	37
Equity Share Capital	246	246	246	246	246	246	223	128	128	128
Reserves and Surplus	10 798	6 782	6 713	6 560	5 779	4 915	3 850	1 310	1 272	1 209
Net Worth	10 910	6 958	6 886	6 697	5 928	5 161	4 122	1 438	1 400	1 336
Total Assets	30 183	26 608	20 025	21 137	15 374	6 573	4 364	2 810	2 751	3 107
Market Capitalisation	9 625	14 280	18 537	8 684	30 169	16 416	11 569	2 272	1 675	619
Number of Employees	115	139	54	48	216	196	140	21	27	30

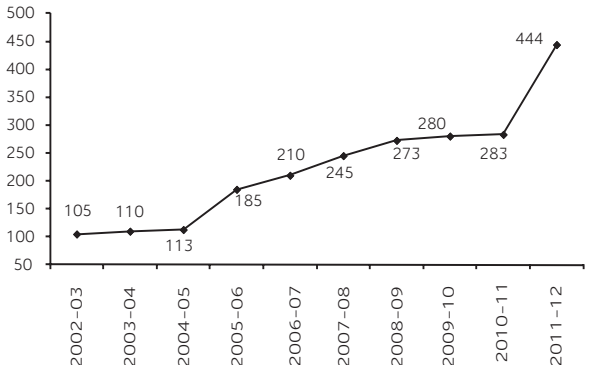
Key Indicators

Year ended March 31	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
EBDIT/Gross Turnover %	32	76	72	77	74	89	95	98	98	97
Net Profit Margin %	16	12	14	32	49	73	82	36	30	22
Earnings Per Share (₹)	21	9	14	39	42	28	25	8	8	8
Book Value Per Share (₹)	444	283	280	273	245	210	185	113	110	105
Debt : Equity Ratio	1.67:1	2.66:1	1.71:1	2:1	1.5:1	0.28:1	0.06:1	0.05:1	0.42:1	0.33:1

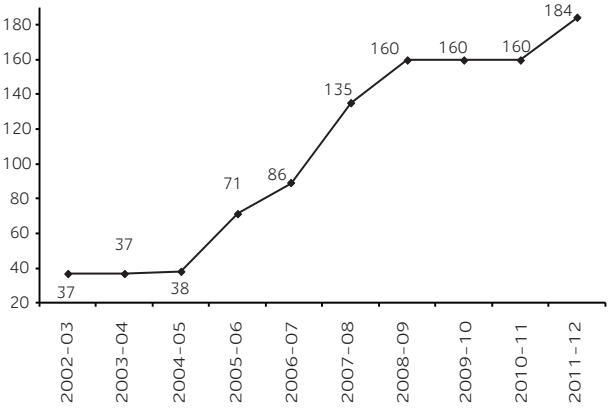
Net Worth (₹ in crore)



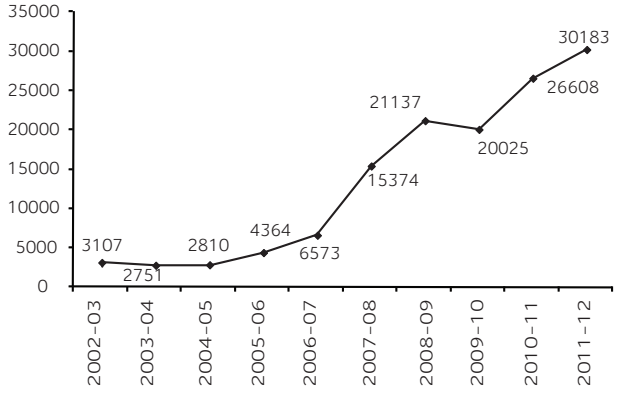
Book Value Per Share (₹)



Dividend Payout (Excluding Tax) (₹ in crore)



Total Assets (₹ in crore)



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Notice

Notice is hereby given that the 26th Annual General Meeting of the Members of **Reliance Capital Limited** will be held on Tuesday, September 4, 2012 at 10:00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020, to transact the following business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2012, the audited Statement of Profit and Loss for the financial year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Dr. Bidhubhusan Samal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Shri V. N. Kaul, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

 "RESOLVED THAT M/s. Chaturvedi & Shah, Chartered Accountants (Firm Registration No. 101720W) and M/s. B S R & Co., Chartered Accountants (Firm Registration No. 101248W), be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors."

Special Business:

6. **Issue of securities to the Qualified Institutional Buyers**

 To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

" a) RESOLVED THAT pursuant to Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into with the Stock Exchanges and subject to the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR"), the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, applicable rules, regulations, guidelines or laws and/or any approval, consent, permission or sanction of the Central Government, Reserve Bank of India and any other appropriate authorities, institutions or bodies (hereinafter collectively referred to as the "appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission and/or sanction (hereinafter referred to as the "requisite approvals"), which may be agreed to by the Board of Directors of the Company (hereinafter called the "Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot equity shares/fully convertible debentures/partly convertible debentures/non convertible debentures with warrants/ any other securities (other than warrants), which are convertible into or exchangeable with equity shares on such date as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"), to the Qualified Institutional Buyers (QIBs) as per the SEBI ICDR, whether or not such QIBs are Members of the Company, on the basis of placement document(s), at such time or times in one or more tranche or tranches, at par or at such price or prices, and on such terms and conditions and in such manner as the Board may, in its absolute discretion determine, in consultation with the Lead Managers, Advisors or other intermediaries, provided however that the aggregate amount raised by issue of QIP Securities as above shall not result in increase of the issued and subscribed equity share capital of the Company by more than 25% of the then issued and subscribed equity shares of the Company.

b) RESOLVED FURTHER THAT the relevant date for the determination of applicable price for the issue of the QIP Securities shall be the date on which the Board of the Company decide to open the proposed issue, or the date on which the holder of the securities which are convertible into or exchangeable with equity shares at a later date becomes entitled to apply for the said shares, as the case may be ("Relevant Date").

c) RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph (a) above or as may be necessary in accordance with the terms of the offering, all such shares shall rank pari passu with the then existing shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.

d) RESOLVED FURTHER THAT such of these QIP Securities to be issued as are not subscribed may be disposed of by the Board to such person or persons and in such manner and on such terms as the Board may in its absolute discretion thinks fit in accordance with the provisions of law.

e) RESOLVED FURTHER THAT the issue to the holders of the Securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period etc., in the event of any change in the equity capital structure of the Company consequent upon any merger, demerger, amalgamation, takeover or any other re-organisation or restructuring in the Company.

f) RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of QIP Securities or instruments representing the same, as described in paragraph (a) above, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion, deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing and institution/trustees/ agents and similar agreements/and to remunerate the Managers, underwriters and all other agencies/ intermediaries by way of commission, brokerage, fees and the like as may be involved or connected in such offerings of Securities, with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit.

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g) RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer and allotment of QIP Securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage/ hypothecation/charge on the Company's assets under Section 293(1)(a) of the said Act in respect of the aforesaid QIP Securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

h) RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any other Officer(s)/Authorised Representative(s) of the Company to give effect to the aforesaid resolution."

By order of the Board of Directors

V. R. Mohan
President & Company Secretary

Registered Office:

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

June 2, 2012

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll, instead of himself / herself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting.**
2. Corporate Members are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
3. Members/Proxies should fill in the Attendance Slip for attending the Meeting and bring their Attendance Slip along with their copy of the annual report to the Meeting.
4. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in electronic form are requested to write their DP ID and Client ID numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting to facilitate identification of membership at the Meeting.
6. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Meeting. The certificate from the Auditors of the Company confirming the compliance of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 with respect to the Company's ESOS Plans will be available for inspection at the Meeting.
7. a. The Company's Register of Members and Transfer Books will remain closed from Saturday, August 25, 2012 to Tuesday, September 4, 2012 (both days inclusive) for the purpose of Annual General Meeting and for determining the names of members eligible for dividend, if declared, on equity shares for the year ended March 31, 2012.

 b. The dividend on equity shares, as recommended by the Board of Directors, if declared at the Meeting, will be paid after the Meeting.

 c. Members may please note that the dividend warrants shall be payable at par at the designated branches of the Bank for an initial period of three months only. Thereafter, the dividend warrants on revalidation shall be payable only at limited centres/ branches of the said Bank. Members are therefore, requested to encash dividend warrants within the initial validity period.
8. Members may please note that for shares in electronic form, bank particulars registered against their depository accounts will be used by the Company for payment of dividend. Members are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. The Company or its Registrar and Transfer Agent cannot change bank particulars or bank mandates for shares held in electronic form.
9. Members holding shares in physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agent, Karvy Computershare Private Limited.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 1995-96 to 2003-04, to the Investor Education and Protection Fund (IEPF) established by the Central Government.
11. Non-Resident Indian members are requested to inform Karvy Computershare Private Limited immediately on:

 a. the change in the residential status on return to India for permanent settlement; and

 b. the particulars of the bank account(s) maintained in India with complete name, branch, account type, account number and address of the bank, if not furnished earlier.
12. Re-appointment of Directors:

 At the ensuing Meeting, Dr. Bidhubhusan Samal and Shri V. N. Kaul, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The details pertaining to Dr. Bidhubhusan Samal and Shri V. N. Kaul required to be provided pursuant to the requirements of Clause 49 of the listing agreement are furnished in the statements on Corporate Governance forming part of this Annual Report.
13. Members are advised to refer the section titled "Investor Information" provided in this Annual Report.

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Notice

14. Members are requested to fill in and send the Feedback Form provided in the 'Investor Relations' section on the Company's website www.reliancecapital.co.in to aid the Company in its constant endeavour to enhance the standards of service to investors.
15. The Statement containing the salient features of the balance sheet, profit and loss and auditors' report (Abridged Financial Statements), is sent to the members, along with the Abridged Consolidated Financial Statements. Any member interested in obtaining a copy of the full Annual Report, may write to the Registrar and Transfer Agent of the Company.
16. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the special business to be transacted at the Meeting is annexed hereto.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 to the accompanying Notice dated June 2, 2012

Item No. 6: Issue of securities to the Qualified Institutional Buyers

The Company, in order to enhance its global competitiveness and its ability to compete with the peer groups in the domestic and international markets, needs to strengthen its financial position and net worth by augmenting its long term resources.

For the above purposes as also for meeting the requirements for general corporate purposes, as may be decided by the Board from time to time, it is proposed to seek the enabling authorisation of the Members of the Company in favour of the Board of Directors ("Board" which expression for the purposes of this resolution shall include any committee of Directors constituted by the Board), without the need for any further approval from the Members, to undertake the Qualified Institutional Placement ("QIP") with the Qualified Institutional Buyers ("QIB"), in accordance with the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time ("SEBI ICDR"), as set out in the special resolution at Item No. 6 of the accompanying Notice.

In view of above, the Board may, in one or more tranches, issue and allot equity shares/ fully convertible debentures/ partly convertible debentures/ non convertible debentures with warrants/ any other securities, which are convertible into or exchangeable with equity shares on such date(s) as may be determined by the Board but not later than 60 months from the date of allotment (collectively referred to as "QIP Securities"). The QIP Securities proposed to be issued by the Board shall be subject to the provisions of the SEBI ICDR including the pricing, which will not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the Relevant Date. The Relevant Date for the determination of applicable price for the issue of the QIP Securities shall be the date of the meeting in which the Board of the Company decides to open the proposed issue or in case of securities which are convertible into or exchangeable with equity shares at a later date, the date on which the holder of such securities becomes entitled to apply for the said shares, as the case may be.

For the reasons aforesaid, an enabling special resolution is therefore proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The QIP Securities issued pursuant to the offering would be listed on the Indian stock exchanges.

The proposed issue of QIP Securities as above may be made in one or more tranches such that the aggregate amount raised by the issue of QIP Securities shall not result in the increase of the issued and subscribed equity share capital of the Company by more than 25 per cent of the then issued and subscribed equity shares of the Company as on the Relevant Date. The proposed special resolution is only enabling in nature and the Board may from time to time consider the extent, if any, to which the proposed securities may be issued.

The QIP Securities issued pursuant to the offer, if necessary, may be secured by way of mortgage/ hypothecation of the Company's assets as may be finalised by the Board in consultation with the Security Holders/ Trustees in favour of Security Holders/ Trustees for the holders of the said securities. The security that may have to be created for the purposes of this issue, as above may come within the purview of Section 293(1)(a) of the Companies Act, 1956. Necessary approval has already been accorded by Members of the Company for creation of such Security(s) by passing of resolution on December 30, 1994.

Section 81(1A) of the Companies Act, 1956 and Listing Agreement entered into with the Stock Exchanges, provide, inter alia, that where it is proposed to increase the subscribed share capital of the Company by allotment of further shares, such further shares shall be offered to the persons, who on the date of the offer are holders of the equity shares of the Company, in proportion to the capital paid-up on those shares as of that date unless the Members decide otherwise. The Special Resolution seeks the consent and authorisation of the Members to the Board of Directors to offer, issue and allot the QIP Securities, in consultation with the Lead Managers, Legal Advisors and other intermediaries to any persons, whether or not they are members of the Company.

The Board of Directors accordingly recommends the special resolution set out at Item No. 6 of the accompanying Notice for the approval of the Members.

None of the Directors or Manager of the Company is, in any way, deemed to be concerned or interested in the said resolution, except to the extent of their shareholding in the Company.

By order of the Board of Directors

V. R. Mohan
President & Company Secretary

Registered Office:

H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710

June 2, 2012

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Reliance Capital Limited

Directors' Report

Dear Shareowners,

Your Directors have pleasure in presenting the 26th Annual Report and the audited accounts for the financial year ended March 31, 2012.

Financial Results

The standalone performance of the Company for the financial year ended March 31, 2012 is summarised below:

Particulars	Financial Year ended March 31, 2012		Financial Year ended March 31, 2011#	
	(₹ in crore)	**(US$ in million*)**	(₹ in crore)	(US$ in million**)
Total revenue	**3 317**	**648**	1 971	441
Profit before exceptional items	**621**	**121**	201	45
Exceptional Items:	**-**	**-**	-	-
- Investment written off due to merger	**0**	**0**	329	7
- Loss on sale on investments	**149**	**3**	-	-
- Transfer / (Withdrawal) from General Reserve	**(149)**	**(3)**	(329)	(7)
Profit before tax	**621**	**121**	201	45
Tax expense	**102**	**20**	(28)	(6)
Profit after tax	**519**	**101**	229	51
Add: Opening surplus in statement of profit and loss	**1 972**	**385**	1 972	442
Profit available for appropriation	**2 491**	**487**	2 201	493
Proposed dividend including tax on proposed dividend	**191**	**37**	161	36
Reversal of tax on proposed dividend for earlier years	**-**	**-**	(1)	(0)
Transfer to statutory reserve fund	**104**	**20**	46	10
Transfer to general reserve	**1 052**	**206**	23	5

*1 US$ = ₹ 51.16 ** 1 US$ = ₹ 44.65 (Source: Reserve Bank of India website).

#Figures of Previous Year have been regrouped and reclassified, wherever required.

The assets and liabilities of Viscount Management Services (Alpha) Limited (VMSAL) and its operating results have been incorporated in the Company's books pursuant to the merger of VMSAL with the Company with effect from October 1, 2011 i.e., the Appointed Date. Accordingly, financial results for the year 2011-12 may not be comparable with that of financial year 2010-11.

Financial Performance

The Company's gross income for the financial year ended March 31, 2012 increased to ₹ 3,317 crore, from ₹ 1,971 crore in the previous year, an increase of 68 per cent. The operating profit (PBDIT) of the Company increased by 84 per cent to ₹ 2,712 crore during the year, from ₹ 1,472 crore, in the previous year. Interest expenses for the year increased by 64 per cent to ₹ 2,065 crore, from ₹ 1,257 crore, in the previous year. Depreciation was at ₹ 26 crore as against ₹ 14 crore in the previous year. The net profit for the year increased by 127 per cent to ₹ 519 crore from ₹ 229 crore, in the previous year. An amount of ₹ 104 crore was transferred to the Statutory Reserve Fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934, and a net amount of ₹ 1,052 crore was transferred to the General Reserve during the year under review.

Dividend

Your Directors have recommended a dividend of ₹ 7.50 (75 per cent) per equity share each of ₹ 10 aggregating to ₹ 191crore (inclusive of dividend tax) for the financial year ended March 31, 2012, which, if approved at the ensuing 26th Annual General Meeting, will be paid to (i) all those equity shareholders whose names appear in the Register of Members as on August 24, 2012, and (ii) to those whose names appear as beneficial owners, as on August 24, 2012 as furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

The Dividend payout as proposed is in accordance with the Company's policy of paying sustainable dividend linked to long term performance, keeping in view of the capital needs of the Company's growth plans and desire to achieve optimal financing of such plans through internal accruals.

Scheme of Arrangement

Amalgamation of Viscount Management Services (Alpha) Limited (VMSAL) with the Company

VMSAL, has been amalgamated with the Company with effect from October 1, 2011.

Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of this Annual Report.

The Company has during the year, entered into various contracts in the areas of financial services business. While benefits from such contracts will accrue in the future years, their progress is periodically reviewed.

Resources and Liquidity

The Company's Net worth as on March 31, 2012, stood at ₹ 10,910 crore. The Company has raised ₹ 11,510 crore during the financial year 2011-12 by issuance of Commercial Paper, Non Convertible Debentures (NCDs) and other money market instruments. The Company has also raised ₹ 508 crore by way of Unsecured Subordinated Non Convertible Debentures (Tier II Bonds) to augment the Capital Adequacy Ratio. The funds were deployed in providing commercial finance and other business requirement. RCL's debt equity ratio as on March 31, 2012 stood at 1.67:1.

Capital Adequacy Ratio

Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions") stood at 20.21 per cent, well above

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the regulatory minimum of 15 per cent. Your Company's asset size is ₹ 30,183 crore. The Company has received a certificate from the Auditors of the Company, M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, pursuant to Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008, confirming compliance of the conditions with respect to Systemically Important Non-Deposit taking Non-Banking Financial Companies.

Subsidiaries

During the year under review, Reliance Composite Insurance Broking Limited became subsidiary of the Company. Reliance Infrastructure Finance Private Limited ceased to be subsidiary of the Company. Viscount Management Services (Alpha) Limited became and ceased to be subsidiary on its amalgamation with the Company.

In accordance with the general circular issued by the Ministry of Corporate Affairs (MCA), Government of India (GoI), Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies are not attached with the Balance Sheet of the Company. The Company shall make available the copies of annual accounts of the subsidiary companies and related detailed information to the shareholders of the Company seeking the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Registered Office of the Company and that of respective subsidiary companies.

Further, pursuant to Accounting Standard (AS)-21 prescribed under the Companies (Accounting Standards) Rules, 2006 (Accounting Standards Rules) and the Listing Agreement, Consolidated Financial Statements presented herein by the Company include financial information of subsidiary companies, which forms part of this Annual Report.

Fixed Deposits

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2012.

Directors

In terms of the provisions of the Companies Act, 1956, Dr. Bidhubhusan Samal and Shri V. N. Kaul, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting (AGM).

A brief resume of the Directors retiring by rotation at the ensuing AGM, nature of expertise in specific functional areas and names of the companies in which they hold directorship and/ or membership/ chairmanships of Committees of the respective Boards, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is given in the section on Corporate Governance Report forming part of this Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(i) in the preparation of the annual accounts for the financial year ended March 31, 2012, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2012, and of the profit of the Company for the year ended on that date;

(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors had prepared the annual accounts for the financial year ended March 31, 2012 on a 'going concern' basis.

Auditors and Auditors' Report

M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letters from M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

Consolidated Financial Statements

The Audited Consolidated Financial Statements based on the Financial Statements received from subsidiaries and associates, as approved by their respective Board of Directors and Management Committee have been prepared in accordance with AS-21 on 'Consolidated Financial Statements' read with AS-23 on 'Accounting for Investments in Associates' notified under Section 211 (3C) of the Companies Act, 1956 read with the Accounting Standards Rules as applicable.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and the Companies (Particulars of Employees) Amendment Rules, 2011, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Employees Stock Option Scheme

During the year under review, the Company has not granted any Options to the employees of the Company. Employees Stock Option Scheme (ESOS) was approved and implemented by the Company and Options were granted to employees under ESOS Plan A and Plan B in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The ESOS Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as on March 31, 2012 are given below:

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Particulars	ESOS Plan A	ESOS Plan B
a) Total Options granted	3 99 900 Options	3 97 000 Options
b) No of Options surrendered	Nil	Nil
c) Pricing formula decided by ESOS Compensation Committee	The options were granted at the market price i.e. ₹ 800	The options were granted at the market price i.e. ₹ 800
d) Options vested	1 39 160 Options	70 020 Options
e) Options exercised	Nil	Nil
f) Total number of equity shares arising as a result of exercise of Options	Nil	Nil
g) Options lapsed/forfeited	52 000 Options	46 900 Options
h) Variation of terms of Options	Nil	Nil
i) Money realised by exercise of Options during the year	Nil	Nil
j) Total number of Options in force at the end of the year	3 47 900 Options	3 50 100 Options
k) Employee wise details of Options granted to:		
i. Senior managerial personnel (i.e. Managing Director/ Wholetime Director/Manager)	Nil	Nil
ii. Employee who receives grant in any one year of option amounting to 5 per cent or more of option granted during the year	Nil	Nil
iii. Identified employees who were granted options, during any one year equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil
l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS-20)	N.A. - There would not be any fresh issue of equity shares of the Company upon exercise of Options by employees.	
m) The difference between employee compensation cost using intrinsic value method and fair value of the Options and impact of this difference on Profit; and on EPS of the Company	No difference, as the exercise would be made at the market price prevailing as on date of the grant plus applicable taxes as may be levied on the Company. However, if the fair value of the options using the Black Scholes model was used, considering the assumptions as of the date of Grant the Net Profit and EPS for the year would have been lower by ₹ 9 crore and ₹ 0.28 respectively.	
n) Weighted-average exercise prices of Options granted during the year where exercise price is less than market price.	Company has not granted any option during the year.	
o) Weighted-average fair values of Options granted during the year where exercise price is less than market price	Company has not granted any option during the year.	
p) Significant assumptions made in computation of fair value risk-free interest rate, expected life, expected volatility, expected dividends (yield), and the price of the underlying share in market at the time of option grant.	Company has not granted any option during the year.	

The Company has received a certificate from the auditors of the Company that the ESOS Plan A and B have been implemented in accordance with the Guidelines and as per the resolution passed through Postal Ballot on January 8, 2007.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required to be disclosed pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are as under:

(1) Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company:

(2) Foreign exchange earnings and outgo

Earnings - Nil Outgo - ₹ 6 crore

Corporate Governance

The Company has adopted "Reliance Group – Corporate Governance Policies and Code of Conduct" which has set out the systems, processes and policies conforming to the International Standards and corporate governance guidelines issued by Reserve Bank of India for Non Banking Financial Companies.

The report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, forms part of this Annual Report. A Certificate from the Auditors of the Company M/s. Chaturvedi & Shah, Chartered Accountants and M/s. B S R & Co., Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is enclosed to this Report.

Acknowledgements

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, debentureholders, debenture trustee, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For and on behalf of the Board of Directors



Mumbai
June 2, 2012

Anil Dhirubhai Ambani
Chairman

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Management Discussion and Analysis

Forward looking statements

Statements in this Management Discussion and Analysis of Financial Condition and Results of Operations of the Company describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company assumes no responsibility to publicly amend, modify or revise forward-looking statements, on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include changes in government regulations, tax laws, economic developments within the country and such other factors globally.

The financial statements are prepared under historical cost convention, on accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 (the Act) and comply with the Accounting Standards notified under Section 211(3C) of the Act read with the Companies (Accounting Standards) Rules, 2006. The management of Reliance Capital Limited has used estimates and judgments relating to the financial statements on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the state of affairs and profit/loss for the year.

The following discussions on our financial condition and result of operations should be read together with our audited consolidated financial statements and the notes to these statements included in the Annual Report. Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "Reliance", "RCL" or "Reliance Capital" are to Reliance Capital Limited and its subsidiaries and associates.

Macroeconomic Overview

India's economic growth has slowed to 6.5 per cent in 2011-12 mainly due to weakening industrial growth affected by an uncertain global environment. With agriculture and service sectors continuing to perform well, the slowdown can be attributed almost entirely to the continuous weakening of industrial growth. The service sector continues to be a star performer as its share in GDP has climbed from 58 per cent in 2010-11 to 59 per cent in 2011-12 with a growth rate of 9.4 per cent. Similarly, agriculture and allied sectors are also estimated to achieve a growth rate of 2.5 per cent in 2011-12.

The global economic and financial crisis has had a dampening effect on cross border FDI flows and in order to maintain earlier levels of foreign investment and attract more, it is imperative to enhance India's competitiveness.

About Reliance Capital

Reliance Capital Limited (RCL) is a part of the Reliance Group and is one of India's leading private sector financial services companies, and ranks amongst the top four private sector financial services and banking groups, in terms of net worth. It is a constituent of CNX Nifty Junior and MSCI India.

Reliance Group is amongst India's leading business houses with over 230 million customers. It has a strong presence across a wide array of high growth consumer facing businesses of financial services, telecom, energy, power, infrastructure, media and entertainment.

Reliance Capital has interests in asset management and mutual funds, life and general insurance, commercial and home finance, stock broking, investment banking, wealth management services, distribution of financial products, exchanges, private equity, asset reconstruction, proprietary investments and other activities in financial services.

Consolidated Financial Performance – Overview

The Company's standalone performance is discussed in detail under the head 'Financial Performance' in the Directors' report. The consolidated performance of the Company is as follows:

RCL's consolidated income from operations for the financial year ended March 31, 2012 stood at ₹ 6,577 crore (US$ 1 billion) from ₹ 5,433 crore (US$ 1 billion) in the previous year. The increase of 21 per cent was mainly on account of sale of stake in Life Insurance business, and increase in topline of Commercial Finance and Broking & Distribution businesses.

Staff costs for the year were ₹ 549 crore (US$ 114 million) as against ₹ 497 crore (US$ 104 million) in the previous year, an increase of 10 per cent.

Selling, administrative and other expenses in the year were ₹ 1,238 crore (US$ 258 million) as against ₹ 1,240 crore (US$ 258 million).

Interest & finance charges for the year were ₹ 2,250 crore (US$ 469 million) as against ₹ 1,464 crore (US$ 305 million) in the previous year, an increase of 54 per cent.

Depreciation for the year was ₹ 54 crore (US$ 11 million) as against ₹ 50 crore (US$ 10 million) in the previous year, an increase of 9 per cent.

Provision for tax for the year was ₹ 190 crore (US$ 40 million) as against ₹ 57 crore (US$ 12 million) in the previous year, an increase of 225 per cent.

Profit after tax, minority interest, share of profit of associates and sale of subsidiaries and one time provisioning, for the year was ₹ 458 crore (US$ 96 million) as against ₹ 291 crore (US$ 61 million) in the previous year, an increase of 57 per cent.

Resources and Liquidity

As on March 31, 2012, the consolidated net worth of the Company stood at ₹ 11,697 crore (US$ 2 billion) as against ₹ 7,809 crore (approximately US$ 2 billion), an increase of 50 per cent.

As on March 31, 2012, the Company had a net debt equity ratio of 1.56: 1.

As on March 31, 2012, the consolidated total assets were ₹ 35,343 (US$ 7 billion) as against ₹ 32,087 crore (US$ 6 billion), an increase of 10 per cent.

Credit Rating

RCL's short term debt programme has been assigned a rating of "A1+" by ICRA Ltd. and CRISIL Ltd., the highest credit quality rating assigned by the agency to short-term debt instruments. Instruments rated in this category carry the lowest credit risk in the short term. CARE Ltd. assigned the long term debt programme a rating of "CARE AAA". Instruments with this rating are considered to be of the best credit quality, offering highest safety for timely servicing of debt obligations. Such instruments carry lowest credit risk.

Finance & Investments

The investment portfolio of quoted investments as on March 31, 2012 amounted to ₹ 1,912 crore (US$ 374 million), at cost.

Reliance Capital Asset Management (RCAM)

Reliance Capital Asset Management Limited is the largest asset management company in India, managing ₹ 1,40,853 crore (US$ 28 billion) as on March 31, 2012, across mutual funds, pension funds, managed accounts, hedge funds and real estate fund, as against ₹ 1,49,175 crore (US$ 29 billion) as on March 31, 2011.

RCAM's income from its operations for the year ended March 31, 2012 was at ₹ 665 crore (US$ 139 million) as against ₹ 733 crore (US$ 153 million) in the previous year, a decrease of 9 per cent.

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Profit before tax for the year ended March 31, 2012 was ₹ 308 crore (US$ 64 million) as against ₹ 294 crore (US$ 61 million) in the previous year, an increase of 5 per cent.

RCAM continues to be the most profitable Mutual Fund in India for the consecutive second year.

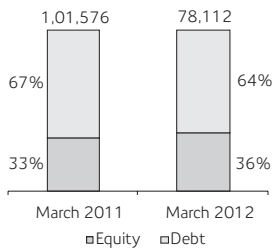
Reliance Mutual Fund

Reliance Mutual Fund (RMF) is amongst the top 2 mutual funds in India in terms of assets under management, with a market share of 12 per cent at the end of March 2012.

The Industry's average assets under management (AAUM) for the quarter ended March 31, 2012 stood at ₹ 6,64,824 crore (US$ 130 billion) as against ₹ 7,00,538 crore (US$ 137 billion) for the quarter ended March 31, 2011, a decrease of 5 per cent (Source: Association of mutual fund of India website).

The AAUM of RMF for the quarter ended March 31, 2012 stood at ₹ 78,112 crore (US$ 15 billion) as against ₹ 1,01,576 crore (US$ 20 billion) for the quarter ended March 31, 2011, a decrease of 23 per cent.

AAUM (₹ in crore)



RMF has created a wide distribution network in more than 250 cities and over 40,000 distributors.

The number of investor folios in RMF stood at 71 lakh as at March, 2012 as against 73 lakh as on March, 2011.

The number of Systematic Investment Plan (SIP) and Systematic Transfer Plan (STP) investor accounts in RMF, stands at ₹ 17 lakh as on March 31, 2012.

Reliance Mutual Fund launched the unique retail Gold Savings Fund NFO in the last quarter of the financial year 2010-11. This fund is the first Gold fund in India and largest in terms of retail participation and had 28 per cent market share in gold AAUMs as on March 31, 2012.

Achievements in the financial year 2011-12

Nippon Life, the largest private life insurer in Asia and is based in Japan, signed definitive agreement to acquire a 26 per cent stake in RCAM, subject to regulatory approvals.

The transaction pegs RCAM valuation at ₹ 5,600 crore (US$ 1 billion), translating to 7 per cent of AAUM at the time of deal.

This is the largest FDI in Indian Mutual Fund Sector till date and the largest investment in any Indian AMC.

Nippon Life is a 122 year old Global Fortune 100 company, and manages over ₹ 30 lakh crore (over US$ 600 billion) in assets, amongst the largest total assets in the world for any life insurer.

Nippon Life to invest ₹ 1,450 crore (US$ 283 million) for 26 per cent stake.

Adjudged as the 'Best BFSI Asset Management Company' by Business & Economy Magazine.

Awarded 'the Best Fund House 2011' by MoneyLife, a personal finance magazine, based on five-year performance of Equity Funds.

RCAM won four awards at the 9th Annual ICRA Mutual Fund Awards 2012.

Won awards for being the 'Most investor Friendly Fund House of The Year' and for Reliance Gold Savings Fund as the 'Most Innovative Fund Of The Year' at the CNBC - TV18 CRISIL Mutual Fund Awards 2012.

Awarded 'Asia's 10th Best Employer' for 2011-12 by Asia's Best Employer Brand Awards.

Reliance AnyTime Money Card and 'Edge - The Learning Academy' - rated among Top 50 Financial Inclusion Projects by Skoch Consultancy Services.

Shine HR Leadership Awards, Star News HR & Leadership Awards. These awards are a part of the World HRD Congress Initiatives, and presented by Ascent. The categories participated and won at Shine are:

- The Award for HR Champion - CEO
- Award for Best Learning & Development Strategy
- Award for Best HR practices in Rewards & Recognition strategies

Star News HR & Leadership Awards: The categories participated and won at Star News HR & Leadership Awards are:

- Award for Learning & Talent Initiative Excellence
- Award for Best Talent Management Strategy

Global HR Excellence Awards: The category participated and won at Global HR Excellence Awards is:

- Organisation with Innovative HR practices

Asia's Best Employer Brand Awards: The category participated and won at Asia's Best Employer Brand Awards are:

- Award for Innovative Retention Strategy
- Award for Excellence in Training

Reliance Life Insurance (RLI)

Reliance Life Insurance currently offers a total of 25 products that fulfil the savings and protection needs of customers. Of these, 19 are targeted at individuals and 6 at group businesses. Reliance Life is committed to emerging as a transactional Life Insurer of global scale and standard and attaining leadership rankings in the industry within the next few years.

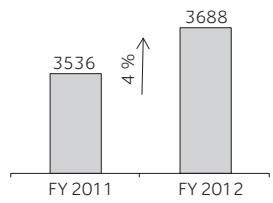
During the year, the Indian life insurance industry recorded new business premium of ₹ 1,14,233 crore (US$ 24 billion) as against ₹ 1,25,826 crore (US$ 26 billion) in the previous year, a decrease of 9 per cent. During the year, the Indian private sector life insurance industry recorded new business premium of ₹ 32,718 crore (US$ 7 billion) as against ₹ 39,381 crore (US$ 8 billion) in the previous year, a decrease of 17 per cent (Source: Financial Year 2011-12 data, Insurance Regulatory and Development Authority of India (IRDA) website).

RLI is amongst the leading private sector life insurers with a private sector market share of 5.5 per cent, in terms of individual new business premium. (Source: Financial Year 2011-12 data, IRDA website).

The total net premium for the year stood at ₹ 5,470 crore (US$ 1 billion) as against ₹ 6,548 crore (US$ 1 billion) for the previous year.

For the year ended March 31, 2012 the renewal premium was ₹ 3,688 crore (US$ 769 million) as against ₹ 3,536 crore (US$ 738 million) - an increase of 4 per cent.

Renewal Premium (₹ in crore)



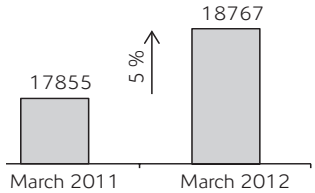
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Management Discussion and Analysis

The new business premium income for the year ended March 31, 2012 was ₹ 1,809 crore (US$ 377 million) as against ₹ 3,035 crore (US$ 633 million) in the previous year.

The total funds under management were at ₹ 18,767 crore (US$ 4 billion) as on March 31, 2012 against ₹ 17,855 crore (US$ 4 billion) as on March 31, 2011 – an increase of 5 per cent.

Total funds under Management (₹ in crore)



The profit for the year ended March 31, 2012 stood at ₹ 373 crore (US$ 78 million) as against a loss of ₹ 129 crore (US$ 27 million) for the previous year. RLI has been consistently profitable for six quarters.

During the year, ₹ 300 crore (US$ 59 million) was infused into the business as against ₹ 120 crore (US$ 24 million) for the previous year – 150 per cent increase in capital infusion, reflecting successful steps taken towards display of commitment by shareholders.

RLI sold the highest number of individual policies in the financial year 2011-12 in the private sector. The number of policies sold during the year were approximately 11 lakh.

The distribution network stood at 1,230 branches at the end of March 2012.

The number of agents at the end of March 31, 2012 were at 1,50,000 as against 1,89,304 at the end of March 31, 2011, a decrease of 20 per cent. This was in line with the planned strategy to focus on productivity and performance of agents.

Achievements in the financial year 2011-12

Nippon Life, Japan's largest private life insurer, acquired a 26 per cent stake in Reliance Life Insurance for ₹ 3,062 crore (US$ 599 million).

- The transaction values Reliance Life Insurance at approximately ₹ 11,500 crore (US$ 2 Billion).
- This is the largest FDI in Indian Financial Services sector and by far, the largest FDI in Insurance sector.

RLI is amongst the top 3 most trusted Insurance brands in India as per 'Most Trusted Brands Survey 2011' by Brand Equity and Nielsen.

Won the "Best Non-Urban Coverage" award at the Indian Insurance Awards 2011.

Won the "Quality Council of India (Government of India) – D.L. Shah National Award.

1st Life Insurance Co. in India to be rated "AAA" by Brickworks Rating for Enterprise wide Risk Management.

Achieved best-in-class Customer and Advisor satisfaction scores in the survey conducted by Nielsen for Reliance Life Insurance.

Reliance Commercial Finance (RCF)

Reliance Commercial Finance offers a wide range of products which include home loans, loans against property, SME loans, commercial vehicle loans, loans for construction equipment, loans against securities and infrastructure loans.

RCF is amongst the leading lenders in the Indian non banking finance sector. The focus in this business continues to be on asset backed lending and productive asset creation. As on March 31, 2012, nearly 100 per cent of the loan book was secured as against 97 per cent as on March 31, 2011.

The aim of RCF is not only credit growth per se but the quality of credit sourced. In line with this, the Company has been disbursing only secured asset backed loans and has wound up the unsecured loans portfolio.

The disbursements for the year ended March 31, 2012 were ₹ 7,937 crore (US$ 2 billion) as against ₹ 8,782 crore (US$ 2 billion) for previous year – a decrease of 10 per cent.

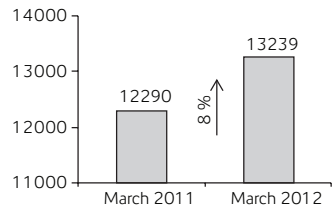
As on March 31, 2012, the assets under management (including securitised portfolio) was ₹ 15,078 crore (US$ 3 billion) as against ₹ 13,785 crore (US$ 3 billion) as on March 31, 2011 – an increase of 9 per cent.

During the year, the Company securitised loans of ₹ 1,294 crore (US$ 253 million) securitised, as against ₹ 1,054 crore (US$ 206 million) in the previous year.

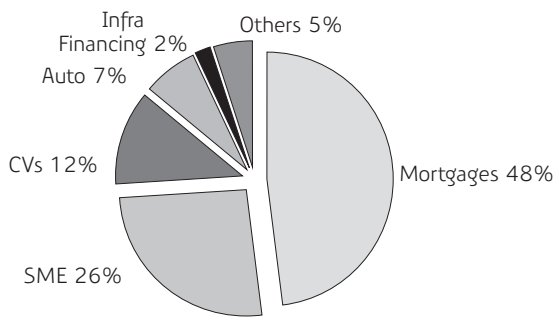
The Net Interest Income for the year ended March 31, 2012 remained flat at ₹ 510 crore (US$ 106 million).

As on March 31, 2012 the outstanding loan book was ₹ 13,239 crore (US$ 3 billion) as against ₹ 12,290 crore (US$ 2 billion) at the end of March 31, 2011 – year on year increase of 8 per cent. This loan book is spread over 94,000 customers from top 18 Indian metros.

Outstanding loan book (₹ in crore)



Loan book composition (₹ in crore)



The gross non-performing assets were at ₹ 219 crore (US$ 43 million) as against ₹ 159 crore in the previous year, an increase of 38 per cent over previous year.

RCF achieved a profit before tax of ₹ 254 crore (US$ 53 million) as against ₹ 269 crore (US$ 56 million) for the previous year – a decrease of 6 per cent.

Broking businesses

Reliance Capital's broking business is carried out by its subsidiaries viz. Reliance Securities Limited (RSL), a leading retail broking house in India that provides customers with access to equities, equity options and commodities futures, wealth management services, portfolio management services, mutual funds, Initial Public Offers (IPOs) and investment banking; and Quant Capital Private Limited (QCPL), which caters to wholesale client segment of capital markets, including foreign and domestic institutions, corporations and ultra high net worth individuals.

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The focus is on the key business verticals of equity broking, wealth management and investment banking.

At the end of March 31, 2012, RSL had approximately 6,85,000 equity broking accounts and achieved average daily turnover of over ₹ 1,282 crore (US$ 267 million) for the year.

In wealth management business, the client needs are assessed to create customised financial investment opportunities. The customised individual portfolios are based on their diverse investment needs and risk profiles. RSL managed assets of ₹ 578 crore (US$ 113 million) from ₹ 229 crore (US$ 48 million) as on March 31, 2011, an increase of 152 per cent.

In financial year 2011-12 as a syndicate member, RSL handled two issues, mobilising a total amount of ₹ 79 crore (US$ 16 million) and IPO funding of ₹ 135 crore (US$ 26 million).

Reliance Commodities, the commodity broking arm of Reliance Capital, is one of the leading retail broking houses in India, providing customers with access to commodities market.

As on March 31, 2012, Reliance Commodities had over 35,400 commodity broking accounts and recorded average daily commodities broking turnover of over ₹ 900 crore (US$ 191million).

RSL achieved revenues of ₹ 360 crore (US$ 75 million) for the year ended March 31, 2012 as against ₹ 252 crore (US$ 53 million) for the previous year.

RSL achieved a profit before tax of ₹ 32 crore (US$ 7 million) for the year ended March 31, 2012, as against ₹ 21 crore (US$ 4 million) for the previous year.

QCPL has built and implemented state of the art trading, risk and operational platforms. QCPL employs nearly 200 professionals with diverse skills and has expanded its research and quantitative teams to ensure complete sector coverage across Indian equities.

Distribution business ('Reliance Money')

The distribution business of Reliance Capital, branded as 'Reliance Money' is a comprehensive financial services and solutions provider, providing customers with access to mutual funds, life and general insurance products, money transfer, currency exchange, loans, gold coins and premium products.

As on March 31, 2012, Reliance Money had a distribution network of over 6,000 outlets across India

Reliance Money distributes mutual funds, life & general insurance products, loans and precious metals.

Reliance Money has tied up with India Post to sell gold coins through the post office network across the country and sold 2,200 kilos of gold in the year ended March 31, 2012 - a 54 per cent year on year increase.

Reliance Money is the largest private sector partner for Western Union Money Transfer in India - over 22 lakh money transfer transactions handled during the year - a 12 per cent year on year increase.

Reliance Money achieved revenues of ₹ 106 crore (US$ 22 million) for the year ended March 31, 2012 as against ₹ 59 crore (US$ 12 million) for previous year, an increase of 81 per cent.

Reliance Money achieved a profit before tax of ₹ 23 crore (US$ 5 million) for the year ended March 31, 2012, as against ₹ 12 crore (US$ 3 million) for the previous year.

Reliance General Insurance (RGI)

Reliance General Insurance (RGI) offers insurance solutions for auto, health, home, property, travel, marine, commercial and other specialty products.

RGI is amongst the leading private sector general insurance players in India with a private sector market share of approximately 8 per cent.

During the financial year 2011-12, gross written premium of the total Indian general insurance industry increased by 23 per cent from ₹ 47,373 crore (US$ 10 billion) of the previous year, to ₹ 58,344 crore (US$ 12 billion). (Source: Insurance Regulatory and Development Authority of India website).

During the financial year 2011-12, gross written premium of the private Indian general insurance industry increased by 25 per cent from ₹ 19,383 crore (US$ 4 billion) of the 3 previous year, to ₹ 24,230 crore (US$ 53 billion). (Source: Insurance Regulatory and Development Authority of India website).

RGI's gross written premium for the year ended March 31, 2012 was ₹ 1,713 crore (US$ 357 million), an increase of 3 per cent over previous year.

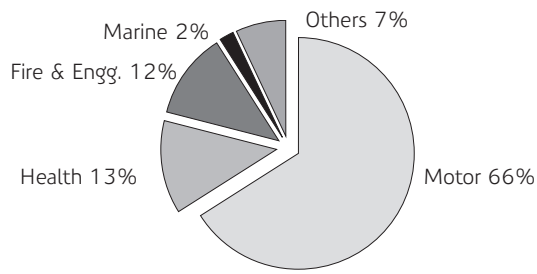
The loss for the year ended March 31, 2012 was at ₹ 342 crore (US$ 71 million) as compared to a loss of ₹ 310 crore (US$ 65 million) for the year ended March 31, 2011.

This loss for the year has largely been on account of change in the provisioning norms relating to commercial motor third party pool losses. These third party pool losses have been shared by the industry players in proportion of their total industry market share. RGI had provided for these losses during the last quarter of financial year 2011-12.

The distribution network comprised of 151 branches and over 6,500 intermediaries & associates at the end of March 31, 2012.

As on March 31, 2012, the investment book increased by 26 per cent year on year to ₹ 2,702 crore (US$ 528 million).

Sectorwise Premium contribution (₹ in crore)



During the year, ₹ 443 crore (US$ 87 million) was infused into the business, as against ₹ 142 crore for the previous year, an increase of 212 per cent. The total capital invested till date is ₹ 1,592 crore (US$ 311 million).

Reliance Exchangenext (R Next)

Reliance Exchangenext Limited (R Next), is an initiative of Reliance Capital in the exchange space to set up modern exchanges, in various segments.

R Next has 26 per cent interest in Indian Commodity Exchange Ltd (ICEX) as an anchor investor, a screen based online derivative exchange for commodities.

- ICEX, along with Reliance Spot Exchange (RSX), will be able to offer comprehensive range of integrated products. ICEX will enable physical delivery to its members while RSX members can hedge their positions, creating immense benefit to the members of both exchanges and upgrade the existing ecosystem.
- R Next aims to make ICEX an unique Commodity Exchange - a choice for all Stakeholders.

Reliance Spot Exchange (RSX)

Reliance Spot Exchange, a wholly owned subsidiary of R Next, is a physical delivery based commodity Spot Exchange set up by

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R Next. Reliance Spot Exchange is an initiative of Reliance Capital in the exchange space to set up modern exchanges, in various segments.

The total agriculture delivery transacted on the RSX platform was 44,000 metric tonnes.

RSX launched E Gold Souk - physical trading platform in bullion. During the year, over 600 kgs. of gold were transacted.

During the year, RSX has received a trademark for 'e-mandi', an innovative electronic solution for auction markets.

RSX aims to bring different markets together on a national electronic platform thereby creating transparency, efficiency and infrastructure for spot markets across India.

Reliance Equity Advisors (REAL)

Reliance Equity Advisors (India) Ltd., wholly owned subsidiary of Reliance Capital, manages a private equity fund, the Reliance Alternative Investments Fund - Private Equity Scheme I, which is in the process of investing funds which it has successfully raised in the domestic market through a mix of Institutional and HNI clients.

Reliance Equity Advisors (India) Limited (Reliance Private Equity)'s first Fund, the Reliance Alternative Investments Fund - Private Equity Scheme I is close to completing investments aggregating to over 74 per cent of the fund size. The fund has an attractive transaction pipeline including an investment under evaluation in a company engaged in precision manufacturing for the aviation and automobile sectors.

Reliance Private Equity continues to evaluate investment opportunities in fast growing sectors of the Indian economy. The Fund continues to be closely involved with its investee companies, and these companies are performing in line with expectations.

Reliance Asset Reconstruction

Reliance Asset Reconstruction Company Ltd. (Reliance ARC) is in the business of acquisition, management and resolution of distressed debt/assets. The sponsors/ shareholders of Reliance ARC are Corporation Bank, Indian Bank, GIC of India, Dacecroft and Blue Ridge along with Reliance Capital.

The assets under management as on March 31, 2012 were ₹ 95 crore (US$ 19 million).

Reliance Venture Asset Management (RVAM)

Reliance Venture Asset Management Private Limited, wholly owned subsidiary of Reliance Capital, is the venture capital arm of Reliance Capital with an investment mandate to incubate or invest into high-growth, new business ideas and is stage, sector and geography agnostic.

Ranked 30th in the reputed list of US-based, Red Herring Top 100 Global Venture Capital firms in 2009 out of 1,800 Global Venture Capital firms, from 32 countries, and across 12 benchmarks, Reliance Venture is the only Indian Corporate Venture Capital firm to feature in the ranking.

RVAM is also a recipient of the "Excellence Award" from India's Institute of Economic Studies, a quasi-government agency started by Members of the Indian Parliament, industry leaders, economists and educational leaders.

RVAM's portfolio companies are considered as category creators and industry leaders. It has spawned companies including household names such as India's largest online travel website 'Yatra.com', 'Suvidhaa' - India's leading service commerce company, 'Stoke, Inc.' - a leader in multi access convergence network, 'Tessolve' - a leading semi-conductor testing company amongst many others.

The Company has fostered relations with global premier institutions and is the exclusive India partner for Massachusetts Institute of Technology (MIT) and Stanford University for their entrepreneurship and business competitions. RVAM has also funded two start-ups from MIT.

RVAM endeavours to be the preferred choice and premier partner of all its portfolio companies and assures its full commitment to them over an unlimited period of time.

RVAM managed assets of ₹ 185 crore (US$ 36 million) as at the end of March 31, 2012.

Risks and Concerns

RCL is exposed to specific risks that are particular to its businesses and the environment within which it operates, including market risk, credit risk, operational risk, competition risk, liquidity and interest rate risk, regulatory risk, human resource risk, execution risk and economic cycle.

Market risk

The Company has significant quoted investments which are exposed to fluctuations in stock prices. These investments represent a substantial portion of the Company's business and are vulnerable to fluctuations in the stock markets. Any decline in the price of the Company's quoted investments may affect its financial position and results of operations. Even though RCL is exposed to the systematic risk, it has a well diversified portfolio of stock to mitigate stock specific risk. RCL continuously monitors market exposure for both equity and debt and, in appropriate cases, also uses various derivative instruments as a hedging mechanism to limit volatility in its asset returns.

Competition risk

The financial sector industry is becoming increasingly competitive and the Company's growth will depend on its ability to compete effectively. The Company's main competitors are Indian non-banking financial companies, life and non-life insurance companies, both in the public and private sector, mutual funds, broking houses, mortgage lenders, depository participants and other financial services providers. Foreign banks also operate in India through non-banking finance companies. Further liberalisation of the Indian financial sector could lead to a greater presence or entry of new foreign banks and financial services companies offering a wider range of products and services. This could significantly toughen our competitive environment. The Company's competitors may have greater resources than it does and, in some cases, may be able to raise debt in a more cost-efficient manner. The Company's growth will depend on its ability to compete effectively in this context. The Company's strong brand image, wide distribution network, diversified product offering and depth of management place it in a strong position to deal with competition effectively.

Credit risk

Credit risk is a risk arising out of default or failure on the part of borrowers in meeting their financial obligations towards repayment of loans. Thus credit risk is a loss as a result of non recovery of funds lent both on principal and interest counts. This risk is comprehensively addressed both at the strategic level and at the client level. Extensive and strict norms have been stipulated in identification of the borrower and evaluation of credit proposals. All critical underwriting activities are automated. Extensive product programme guidelines have been developed to suit various products requirements and appropriate delegation and deviation grids have been put in place. Each credit proposal is evaluated on various lending parameters both in qualitative and quantitative terms. Proper security, industry norms and ceilings have been prescribed to ensure well spreading out of risks and to avoid concentration risk. Cross references to credit bureau data are made to assess the credit behaviour of the prospective customers. The credit evaluation process is thus standardised

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and institutionalised and incorporates continuous monitoring. In our commercial and home finance businesses, we provide various customised products to different segment of borrowers. Borrowers are affected by economic and market changes and government policies. Since most loans are secured against assets which are valued by independent agencies and loan to value ratio is restricted, chances of non recoverability in case of default are minimised. Any early signal of default is addressed on priority to minimise/ prevent credit loss. The unsecured portfolio has been reduced considerably. Regular portfolio risk analysis is done extensively on various financial and policy parameters for making required changes in the credit policy as a proactive approach to risk management.

The Indian banking industry is highly competitive and the Company may compete directly with large public and private sector banks, which have larger retail customer bases, larger branch networks and greater access to capital than the Company. Large Indian banks have made significant investments in retail credit in recent periods and currently have a larger market share in the retail credit segment as compared to non-banking finance companies. If the Company is unable to compete with other retail lenders in the Indian banking sector, by reason of our lesser experience in retail lending or otherwise, its business, results of operations and financial condition could be affected adversely.

With the experience and market knowledge the Company has gained over the years in lending business and well placed to be the preferred provider of asset based finance in coming years.

Liquidity and interest rate risk

The Company is exposed to liquidity risk principally, as a result of lending to its customers for periods which may differ from those of its funding sources. RCL's treasury team actively manages asset liability positions in accordance with the overall guidelines laid down by various regulators in the Asset Liability Management (ALM) framework. The Company may be adversely impacted by volatility in interest rates in India which could cause its margins to decline and profitability to shrink. The success of the Company's business depends significantly on interest income from its operations. It is exposed to interest rate risk, both as a result of lending to its customers at fixed interest rates and for reset periods which may differ from those of its funding sources. Interest rates are highly sensitive to many factors beyond Company's control, including the monetary policies of RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and inflation. As a result, interest rates in India have historically experienced a relatively high degree of volatility.

The Company seeks to match its interest rate positions of assets & liabilities to minimize interest rate risk. However, there can be no assurance that significant interest rate movements will not have an adverse effect on its financial position.

With the growth of the Company's business, it will become increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Company's ability to obtain funds at competitive rates will depend on various factors including its credit ratings. There can be no guarantee that the Company will be able to raise debt on competitive terms, in the required quantum and in a cost effective manner. Any failure to do so may adversely impact the Company's business, its future financial performance and the price of its shares. The Company is also hedged to some extent against this risk through the variable interest clause in its advances portfolio.

Human resource risk

The Company's success depends largely upon the quality and competence of its management team and key personnel. Attracting and retaining talented professionals is therefore a key element of the Company's strategy and a significant source of competitive advantage. While the Company has a salary and incentive structure designed to encourage employee retention, a failure to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on the Company's business, its future financial performance and the results of its operations.

Operational risk

The Company may encounter operational and control difficulties when commencing businesses in new markets. The rapid development and establishment of financial services businesses in new markets may raise unanticipated operational or control risks. Such risks could have a materially adverse effect on the Company's financial position and the results of its operations.

The operations of the company have been extensively automated which minimises the operational risk arising out of human errors and omissions. A robust system of internal controls is practiced by RCL to ensure that all its assets are safeguarded and protected against loss from unauthorised use or disposition and all its transactions are authorised, recorded and reported correctly. The Audit Committee of Board periodically reviews the adequacy of our internal controls. The Company has implemented SAP systems across functions. With this initiative, along with other key systems and checks and balances established, we believe that our overall control environment has been enhanced. The Company is relentlessly focused on quality parameters and has a dedicated quality team to proactively identify and address operational issues. The mandate of the quality team is also to work closely with various business teams to bring about operational efficiencies and effectiveness through Six Sigma initiatives. It is pertinent to note that Reliance Life Insurance, Reliance General Insurance, Reliance Mutual Fund and Reliance Commercial Finance have obtained an ISO 9001:2008 certifications. They are among the few companies in their respective industries to be ISO certified.

Regulatory risk

As a non-deposit taking NBFC, the Company is subject to regulations by Indian governmental authorities, including the Reserve Bank of India. Also, as the Company operates in various lines of businesses, it is governed by different Indian regulators across these businesses.

Their laws and regulations impose numerous requirements on the Company, including asset classifications and prescribed levels of capital adequacy, solvency requirements and liquid assets. There may be future changes in the regulatory system or in the enforcement of the laws and regulations that could adversely affect the Company's performance.

Economic risk

Any slowdown in economic growth in India could cause the business of the Company to suffer. Recently, the growth in industrial production has been variable. Any slowdown in the Indian economy, and in particular in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of the consumers. RCL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

Internal Control Systems

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

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Management Discussion and Analysis

The organisation is well structured and the policy guidelines are well documented with pre-defined authority. The Company has also implemented suitable controls to ensure that all resources are utilised optimally, financial transactions are reported with accuracy and there is strict adherence to applicable laws and regulations.

The Company has put in place adequate systems to ensure that assets are safeguarded against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditures against approved budgets on an ongoing basis.

The Company uses information technology extensively in its operations for ensuring effective controls besides economy. It also helps the Company in providing accurate and prompt information / services to its customers and other stakeholders. The Company has implemented enhanced level of Information System Security controls with commensurate monitoring systems to address technology risks.

Recognising the important role of internal scrutiny, the Company has an independent internal audit function which is empowered to examine the adequacy of, and compliance with, policies, plans and statutory requirements. It is also responsible for assessing and improving the effectiveness of risk management, control and governance process.

Periodical audit and verification of the systems enables the various business groups to plug any shortcomings on time. It also evaluates the Company's strategic risk management system and suggests improvement in strengthening risk mitigation measures for all key operations, controls and governance process. In addition, the top management and the Audit committee of the Board periodically review the findings and ensure corrective measures are taken.

Opportunities

- Low retail penetration of financial services/ products in India
- Tremendous brand strength and extensive distribution reach
- Opportunity to cross sell services
- Increasing per-capita GDP
- Changing demographic profile of the country in favour of the young

Threats

- Inflationary pressures
- Competition from local and multinational players
- Execution risk
- Regulatory changes
- Attraction and retention of human capital

Human Resources

Across all its business operations, Reliance Capital had a workforce of 17,109 people as on March 31, 2012. The business wise break up of the workforce is given below:

Business Operation	Number of people
Asset Management	953
General Insurance	1,593
Life Insurance	12,289
Reliance Money	1,167
Commercial Finance	953
Other businesses	39
Reliance Capital (Core)	115
Total	**17,109**

Our workforce is young, with an average age of 36 years, and highly qualified. 79 per cent of our workforce is graduates, while 13 per cent are post-graduates and another 8 per cent are management graduates and chartered accountants.

Corporate Social Responsibility (CSR)

Reliance Group is committed to being an ideal corporate citizen and doing more than its fair share to support various deserving causes, in the field of medicine in particular; setting up and operating Kokilaben Dhirubhai Ambani Hospital. Reliance Capital supports this and other CSR ventures. RCL is committed to being a socially responsible company. It works with distressed individuals, disadvantaged groups etc, and with civil society at large. Some of its constituent businesses pay for critical medical support to needy citizens. Each of Reliance Capital's different businesses vigorously implements their own CSR initiatives. Indeed, their CSR efforts are counted when calculating the business's performance for the year. Some of the work done by them include Blood donation camps, donation of old computers to various schools, donations are given to NGOs working with children or the aged or to the Missionaries of Charity across the country , Direct cash aid for paying the medical expenses of life-threatening requirements for some under-privileged people etc. Other businesses work with self-help groups to provide them with funding and other advice to function better. Some other businesses have also worked with educational institutions to promote financial literacy and financial inclusiveness. This is in addition to supporting the charitable activities of the Reliance Group, both in healthcare and caring for older people – Silvers. The Company also follows an active program of energy abatement and recycling of paper and water, to lower its carbon footprint. This is not just in its corporate office, but also in other large offices in big cities.

Outlook

The economic scenario globally has turned difficult in recent times. Europe is once again facing economic headwinds and new political challenges. USA, despite getting two Quantitative Easing packages, is still showing slow recovery. In addition, Chinese economic growth has come down to 7-8 per cent from its heady 10 per cent growth rate seen a couple of years ago. A combination of these factors has caused a slowdown in global recovery.

India's GDP growth has also moderated and it is not expected to reach the growth rate in excess of 7.5 per cent in near term. Growth decelerated due to fiscal profligacy combined with monetary tightening, policy paralysis, slower investment and poor confidence. The GDP growth in the financial year 2012-13 is expected to remain around 7 per cent unless sentiment improves and investments recover. Mishandling of policy issues have hurt investment environment seriously. Domestic corporates are looking overseas for growth, while both domestic and foreign investors are getting increasingly worried about the policy and tax environment in India. Authorities need to pass the pending reform bills in land acquisition, PFRDA, banking, FDI etc, push projects in infrastructure sector, bring stability to policies and clarify regulatory issues in key sectors like telecom, foreign investment.

Financial sector went through a lean period in the financial year 2011-12. New business premiums for the life insurance sector declined. Mutual Fund Industry saw fall in aggregate AUMs. Broking revenues remained lacklustre in the weak markets. Lending margins continued to be under pressure due to a high interest rate environment and slow industrial recovery. The broad policy environment needs to change should the financial year 2012-13 turn out better.

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Corporate Governance Report

Our corporate governance philosophy

Reliance Capital follows the highest standards of corporate governance principles and best practices by adopting the "Reliance Group – Corporate Governance Policies and Code of Conduct" as is the norm for all constituent companies in the group. These policies prescribe a set of systems and processes guided by the core principles of transparency, disclosure, accountability, compliances, ethical conduct and the commitment to promote the interests of all stakeholders. The policies and the code are reviewed periodically to ensure their continuing relevance, effectiveness and responsiveness to the needs of our stakeholders as also to benchmark them against best practices.

Governance practices beyond regulatory requirements

Our governance practices go beyond the mere letter of statutory and regulatory requirements. With this in mind, we have formulated number of policy documents and introduced the following set of governance practices:

A. **Values and commitments**

We have set out and adopted a policy document on 'Values and Commitments' of Reliance Capital. We believe that any business conduct can be ethical only when it rests on the nine core values viz; honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

B. **Code of ethics**

Our policy document on 'Code of Ethics' demands that our employees conduct the business with impeccable integrity and by excluding any consideration of personal profit or advantage.

C. **Business policies**

Our 'Business Policies' cover a comprehensive range of issues such as fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

D. **Separation of the board's supervisory role from executive management**

In line with best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management. We have also split the posts of the Chairman and CEO.

E. **Prohibition of insider trading policy**

This document contains the policy on prohibiting trading in the equity shares of the Company, based on insider or privileged information.

F. **Policy on prevention of sexual harassment**

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

G. **Whistle blower policy**

Our Whistle Blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

H. **Environment policy**

The Company is committed to achieving excellence in environmental performance, preservation and promotion of clean environment. These are the fundamental concern in all our business activities.

I. **Risk management**

Our risk management procedures ensure that the management controls various business related risks through means of a properly defined framework.

J. **Boardroom practices**

a. **Chairman**

In line with the highest global standards of corporate governance, the Board has separated the Chairman's role from that of an executive in managing day-to-day business affairs.

b. **Board charter**

The Board of Directors has adopted a comprehensive charter, which sets out clear and transparent guidelines on matters relating to the composition of the Board, the scope and function of various Board Committees etc.

c. **Board committees**

The Board constituted Audit Committee, Nomination Remuneration Committee, Shareholders / Investors Grievance Committee and ESOS Compensation Committee. The Board rotates the Chairman of these Committees.

d. **Tenure of independent directors**

Tenure of independent directors on the Board of the Company shall not exceed nine years, subject to their re-appointment on retirement by rotation as per statutory provisions.

e. **Independent director's interaction with shareholders**

Member(s) of the Shareholders / Investors Grievance Committee interact with shareholders on their suggestions and queries, if any, which are forwarded to the Company Secretary.

f. **Lead independent director**

Recognising the need for a representative and spokesperson for the independent directors, the Board has appointed the lead independent director. The Board designated Shri Rajendra P. Chitale, an independent director as the lead independent director. The position of the lead independent director is rotated.

The lead independent director performs the following roles in addition to the role of a non-executive independent director:

1. presides over all executive sessions of the Board's independent directors;
2. works closely with the Chairman to finalise the information flow, meeting agenda and meeting schedules;
3. liaises between the Chairman and the independent directors on the Board; and
4. takes a lead role along with the Chairman in the Board evaluation process.

g. **Training of board members**

The Board members are periodically given formal orientation and training with respect to the Company's vision, strategic direction, core values including ethics, corporate governance practices, financial matters and business operations. The Directors are facilitated to get familiar with the Company's functions at the operational levels. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved. The Board members are also provided with the necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

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Periodic updates and training programs for Board members are also conducted on relevant statutory changes and landmark judicial pronouncements encompassing important laws.

h. **Meeting of independent directors with operating team**

The Independent directors of the Company meet in executive sessions with the various operating teams as and when they deem necessary. These discussions may include topics such as operating policies and procedures, risk management strategies, measures to improve efficiencies, performance and compensation, strategic issues for Board consideration, flow of information to directors, management progression and succession and others, as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

i. **Subsidiaries**

All the subsidiaries of the Company are managed by their respective boards. Their boards have the rights and obligations to manage their companies in the best interest of their stakeholders. The Company monitors performance of subsidiary companies, inter alia, by the following means:

(a) All minutes of Board meetings of the subsidiary companies are periodically placed before the Company's Board.

(b) Financial statements, in particular the investments made by the subsidiary companies, are reviewed quarterly by the Audit Committee of the Company.

(c) A statement containing all significant transactions and arrangements entered into by the subsidiary companies is placed before the Audit Committee.

(d) Quarterly review of Risk Management process by the Risk Management Committee / Board.

j. **Commitment of directors**

The meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the Board and its Committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance at all meetings of the Board and its Committees.

K. **Governance practices being followed to promote the interests of our stakeholders**

The Company has introduced several trend setting governance practices to improve stakeholders' satisfaction. Some of the major ones among them are:

1. **Customers**

The Company has taken various customer caring initiatives, by providing comprehensive online support as well as world class call centre backed up by established customer relationship management system across all businesses. The efficiency of complaint and query management and service levels are monitored by the businesses on a continual basis.

2. **Employees**

In our relentless pursuit of driving operational excellence and our resolve to make Reliance Capital a "Great Place to Work", the focus is on evolving efficient and agile organisation structures, relentlessly driving capability, leadership and culture building and acquiring, developing and retaining high quality talent. The Company reviews and revise the HR policies constantly to align to the Market and Industry benchmarks and making them increasingly transparent and employee friendly. These policies have been extensively communicated to employees and automated.

The Company has a dedicated service portal which offers various online HR services and facilities to employees. Some of these facilities are; details of current and past salaries, income-tax computations, attendance and leave management, goal setting with relevant Key Performance Indicators (KPIs), potential assessment module, performance evaluation system, feedback mechanism, reward and recognition policy, grievance redressal system, exit interviews, training and development module, etc.

The Company regularly conducts an employee engagement survey through an independent external organisation aimed to identify the areas of strengths as well as those which need improvement. The results of this survey are communicated to all employees and appropriate action is initiated to enhance employee satisfaction based on their feedback. As a means of providing accelerated career growth to high performing talent, the Company has a pilot program of assessment centers, wherein employees who have a proven track record are put through a rigorous assessment program for higher role.

The Company has institutionalised a leadership development process, linked to Reliance DNA & leadership competencies, which identifies high potential talent on a periodic basis and provides necessary learning interventions to help them take on larger responsibilities and roles.

3. **Shareholders**

The Company recognises the importance of two-way communication with shareholders and of giving a balanced report of results and progress and responds to questions and issues raised in a timely and consistent manner. To ensure this, the Company's corporate website; www.reliancecapital.co.in has information for institutional and retail shareholders alike. Shareholders seeking information may contact the Company directly throughout the year. They also have an opportunity to ask questions in person at the Annual General Meeting. Shareholders can contact the Company via dedicated shareholders contact points as provided in this report or through any of Investor Service Centers of the Company's Registrars and Transfer Agents spread in more than 84 cities across India, details of which are available on the Company's website.

4. **Lenders**

The Company has been prompt in honouring all debt obligations to its lenders.

5. **Society**

The Company, in keeping with its Corporate Social Responsibility policy, focuses on healthcare, education, and other social initiatives.

L. **Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. All the Directors of the Company have access to the advice and services of the Company Secretary.

M. **Independent Statutory Auditors**

The Company's accounts are audited by a panel of two leading independent audit firms:

1. M/s. Chaturvedi & Shah, Chartered Accountants
2. M/s. B S R & Co., Chartered Accountants

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N. **Compliance with the code and rules of Luxembourg Stock Exchange**

The Global Depository Receipts (GDRs) issued by the Company are listed on the Luxembourg Stock Exchange (LSE). The Company has reviewed the code on corporate governance of LSE, and the Company's corporate governance practices conform to these codes and rules.

O. **Compliance with Clause 49 of the listing agreement**

The Company is fully compliant with the mandatory requirements of Clause 49 of the listing agreement formulated by the Securities and Exchange Board of India. We present our report on compliance of governance conditions specified in Clause 49 of the listing agreement:

I. **Board of Directors**

1. **Board composition - Board strength and representation**

As on March 31, 2012, the Board consisted of six members. The composition of and the category of directors on the Board of the Company were as under:

Category	Particulars of directors
Promoter, non-executive and non-independent Director	Shri Anil D. Ambani, Chairman
Non-executive and non-independent Director	Shri Amitabh Jhunjhunwala, Vice Chairman
Independent Directors	Shri Rajendra P. Chitale Shri C. P. Jain Dr. Bidhubhusan Samal Shri V. N. Kaul

Notes:

a. None of the directors is related to any other director.

b. None of the directors has any business relationship with the Company.

c. None of the directors has received any loans and advances from the Company during the year.

All the independent directors of the Company furnish a declaration at the time of their appointment as also annually that they qualify the conditions of their being independent. All such declarations are placed before the Board.

The Company has re-appointed Shri V. R. Mohan, President & Company Secretary as the Manager of the Company in terms of the provisions of the Companies Act, 1956 for a period of five years commencing from March 7, 2011.

2. **Conduct of Board proceedings**

The day to day business is conducted by the executives and the business heads of the Company under the direction of the Board led by the Chairman. The Board holds minimum four meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

The Board performs the following specific functions in addition to overseeing the business and the management:

1. review, monitor and approve major financial and business strategies and corporate actions;
2. assess critical risks facing the Company and review options for their mitigation;
3. provide counsel on the selection, evaluation, development and compensation of senior management;
4. ensure that processes are in place for maintaining the integrity of:
 a) the Company
 b) the financial statements
 c) compliance with law
 d) relationship with all the stakeholders
 e) delegation of appropriate authority to the senior executives of the Company for effective management of operations of the Company.

3. **Board meetings**

The Board held five meetings during the financial year 2011-12 on May 30, 2011, August 13, 2011, September 27, 2011, November 11, 2011 and February 10, 2012. The maximum time gap between any two meetings during the year under review was 90 days and the minimum gap was 44 days.

The Board periodically reviews compliance reports of all laws applicable to the Company.

4. **Standards issued by ICSI**

The Institute of Company Secretaries of India (ICSI) has issued various 'Secretarial Standards' on key corporate functions like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings, Transmission of Shares and Debentures, Passing of Resolutions by Circulation, Affixing of Common Seal, Forfeiture of Shares and Board's Report. Although these standards are not mandatory, the Company adheres to them voluntarily.

5. **Attendance of directors**

All the Directors of the Company were present at all the Board meetings held during 2011-12 and also at the last Annual General Meeting held on September 27, 2011.

6. **Other directorships**

None of the directors hold directorships in more than 15 public limited companies.

The details of directorships (calculation as per provisions of Section 275 and 278 of the Companies Act, 1956), Committee Chairmanships and the Committee memberships held by the directors as on March 31, 2012:

Name of the Director	Number of directorship (including RCL)	Committee(s)[a] Membership[b] (including RCL)	
		Membership	Chairmanship
Shri Anil D. Ambani	6	1	-
Shri Amitabh Jhunjhunwala	3	2	-
Shri Rajendra P. Chitale	9	7	1
Shri C. P. Jain	5	6	2
Dr. Bidhubhusan Samal	11	8	3
Shri V. N. Kaul	1	1	-

a. The information provided above pertains to the following committees in accordance with the provisions of Clause 49 of the listing agreement: (i) Audit Committee, and (ii) Shareholders/Investors Grievance Committee.

b. Membership of Committees include chairmanship, if any.

7. **Membership of Board committees**

No director holds membership of more than 10 committees of Board, nor, any director is a chairman of more than 5 committees of Board.

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Corporate Governance Report

8. **Details of directors**

The abbreviated resumes of all directors are furnished hereunder:

Shri Anil D. Ambani, regarded as one of the foremost corporate leaders of contemporary India, Shri Anil D. Ambani, 53, is the Chairman of Reliance Capital Limited, Reliance Infrastructure Limited, Reliance Communications Limited and Reliance Power Limited. He is also on the Board of Reliance Infratel Limited and Reliance Anil Dhirubhai Ambani Group Limited. He is the President of the Dhirubhai Ambani Institute of Information and Communication Technology, Gandhinagar, Gujarat. The Group companies are engaged in leading businesses that provide cutting edge services to empower and enrich the lives of one out of every five Indians. He is a member of Shareholders and Investors Grievance Committee of Reliance Communications Limited.

An MBA from the Wharton School of the University of Pennsylvania, Shri Ambani is credited with having pioneered several path-breaking financial innovations in the Indian capital markets. He spearheaded the country's first forays into the overseas capital markets with international public offerings of global depository receipts, convertibles and bonds. Under his Chairmanship, the constituent companies of the Reliance Group had raised nearly US$ 7 billion from global financial markets in a period of less than 3 years.

Shri Ambani has been associated with a number of prestigious academic institutions in India and abroad.

He is currently a member of :

- Wharton Board of Overseers, The Wharton School, USA
- Board of Governors, Indian Institute of Management (IIM), Ahmedabad
- Executive Board, Indian School of Business (ISB), Hyderabad

In June 2004, Shri Ambani was elected as an Independent member of the Rajya Sabha – Upper House, Parliament of India, a position he chose to resign voluntarily in March 2006.

Shri Ambani is also recognised by the Indian government as a visionary and torch bearer for the overall growth and development of modern infrastructure in the country. He is a regular invitee to top level consultation programmes that the Prime Minister's Office and other key central ministries conduct with corporate leaders in India towards creating and reforming policies and regulatory frameworks for the infrastructural growth in the country. The Prime Minister has recently nominated Shri Ambani as the Co-Chair from the Indian side of the India-China CEO Forum. In recent years, Shri Ambani has also been a trend setter for Corporate India in achieving multi-billion dollar investments from leading financial institutions in the US and China for infrastructure development in India.

Select Awards and Achievements

As one of the India's youngest business leaders, Shri Ambani has received National and International acclaim for his vision and leadership. Specific awards and recognitions include –

- Ranked in the 4th place amongst its list of India's Top 100 CEOs by the Economic Times, India most influential newspaper in 2009 as well as in 2010.
- Included in its selection of 50 notable business leaders from emerging markets in 2010 by the UK-based Financial Times.
- Ranked as the third most powerful and influential person of India in its list of 50 such luminaries by India Today magazine in 2009.
- Also included in a similar list by the US-based Business Week magazine in 2009.
- Awarded by Light Readings as the Person of the Year – 2008 for outstanding achievements in the communication industry.
- Voted 'the Businessman of the Year' in a poll conducted by The Times of India – TNS, December, 2006.
- Voted the 'Best role model' among business leaders in the biannual Mood of the Nation poll conducted by India Today magazine, August 2006.
- Conferred with 'the CEO of the Year 2004' award at the Platts Global Energy Awards
- Conferred 'The Entrepreneur of the Decade Award' by the Bombay Management Association, October 2002.
- Awarded the First Wharton Indian Alumni Award by the Wharton India Economic Forum (WIEF) in recognition of his contribution to the establishment of Reliance as a global leader in many of its business areas, in December, 2001

As on March 31, 2012, Shri Anil D. Ambani held 2,73,891 equity shares in the Company.

Shri Amitabh Jhunjhunwala, 55, is a Fellow Chartered Accountant. He has had a wide exposure in developing, strategising and overseeing businesses in financial services, power, telecommunication and entertainment sectors. Currently, he oversees and leads businesses in financial services and entertainment sectors of the Reliance Group. He has experience in the areas of finance, commercial, banking, accounts and general management. Shri Jhunjhunwala is the Group Managing Director of Reliance Group. He is a Vice Chairman of Reliance Capital Ltd. and also a director on the Board of Reliance Equity Advisors (India) Ltd., Reliance Anil Dhirubhai Ambani Group Ltd. and Harmony Art Foundation. Shri Amitabh Jhunjhunwala is a member of Audit Committee, Shareholders / Investors Grievance Committee, Nomination / Remuneration Committee, and ESOS Compensation Committee of the Company. He does not hold any share in the Company as of March 31, 2012.

Shri Rajendra P. Chitale, 51, a law graduate and an eminent Chartered Accountant, is a Managing Partner of Chitale & Associates (one of India's leading boutique full service structuring and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). He is a member of the Insurance Advisory Committee and the Committee on Investment, Expenditure & ULIP Issues of the Insurance and Regulatory Authority of India (IRDA), and the Working Group on Insurance, Pensions, Small Savings, etc., Financial Sector Legislative Reforms Commission, Government of India; and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, Investor Education & Protection Fund Committee, Government of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served as a director on the boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., Asset Reconstruction Company (India) Ltd., SBI Capital Markets Ltd. He currently serves as a director on the boards of several large companies including National Securities Clearing Corporation Ltd., Ambuja Cements Ltd., Ishaan Real Estate Plc, Hinduja Ventures Ltd., Hinduja Global Solutions Ltd., Reliance Life Insurance Company Ltd. and Reliance General Insurance Company Ltd. Reliance Equity Advisors (India) Ltd., Indusind Media and Communications Ltd. Shri Rajendra P. Chitale is the Chairman of the Shareholders / Investors Grievance Committee and ESOS Compensation Committee and a member of Audit Committee and Nomination / Remuneration Committee of the Company. He is member of Audit Committee of National Securities Clearing Corporation Ltd., Ambuja Cements Ltd., Hinduja Ventures Ltd., Hinduja Global Solutions Ltd., He is member of Share Allotment and Investors' Grievance Committee of Ambuja Cements Limited. He does not hold any share in the Company as of March 31, 2012.

Shri C. P. Jain, 66, is the former Chairman and Managing Director of NTPC Limited He had an illustrious career spanning over four decades of contribution in the fields of financial management, general management, strategic management and business

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leadership. He is a fellow member of the Institute of Chartered Accountants of India with an advanced diploma in Management and is a law graduate. He joined the Board of NTPC in 1993 as Director (Finance), was elevated as Chairman & Managing Director in September 2000 and superannuated in March 2006. He is the winner of "Ernst & Young Entrepreneur of the Year Award" in the year 2005. He was Chairman of the Global Studies Committee of World Energy Council (WEC), one of the world's largest energy NGOs with nearly 94 member-nations during the period 2004 to 2010. He has been on several important committees of the Government of India, latest being the 'Adhoc Group of Experts on Empowerment of CPSEs' and was also a member of the Audit Advisory Board of the Comptroller and Audit General of India. He was Chairman of Standing Conference of Public Enterprises (SCOPE) between April 2003 and March 2005. He is a Director on the Boards of Reliance Infrastructure Ltd., IL&FS Infrastructure Development Corporation Ltd., PCI Ltd., and Reliance Securities Ltd., He is Chairman of the Audit Committee and Nomination / Remuneration Committee and Member of Shareholders / Investors Grievance Committee and ESOS Compensation Committee of the Company. He is a member of the Audit Committee, Shareholders/ Investors Grievance Committee of Reliance Infrastructure Ltd., member of the Audit Committee of Reliance Securities Ltd., Chairman of the Audit Committee of IL&FS Infrastructure Development Corporation Ltd., and member of the Audit Committee and Shareholders / Investors Grievance Committee of PCI Ltd. He does not hold any share in the Company as of March 31, 2012.

Dr. Bidhubhusan Samal, 69, Master in Agriculture (Gold Medalist) and doctorate in Economics from Kalyani University, West Bengal. He is also a Post Graduate Diploma holder in Bank Management from the National Institute of Bank Management, Pune. He has more than 30 years of work experience in the field of Banking, Securities Markets and Industrial Finance. He has served as Chairman and Managing Director of Allahabad Bank, Chairman and Managing Director of Industrial Investment Bank of India and as Member of the Securities Appellate Tribunal. Presently, he is a member of the Task Force set up by the Ministry of Heavy Industries and Public Enterprises, Government of India. He is a Director on the Board of Surana Industries Ltd., IITL Projects Limited, Industrial Investment Trust Ltd., May Fair Hotels and Resorts Ltd., ARSS Infrastructure Projects Ltd., Jaiprakash Associates Ltd., Jaypee Infratech Ltd., Vipul Ltd., World Resorts Ltd. and T.K. International Ltd. He is a member of the Audit Committee of the Company. He is the Chairman of Audit Committee of Surana Industries Ltd., World Resorts Ltd., and T.K. International Ltd. He is a member of Audit Committee of Vipul Ltd., ARSS Infrastructure Projects Ltd. and May Fair Hotels and Resorts Ltd. He is a member of the Shareholders / Investors Grievance Committee of ARSS Infrastrusture Projects Ltd., He does not hold any share in the Company as of March 31, 2012

Shri V. N. Kaul, 69, is a former Comptroller and Auditor General of India (2002 to 2008). He was Vice Chairman of the United Nations Independent Audit Advisory Committee at UN Headquarters, New York, from 2008 to 2011. Prior to his appointment as C&AG Shri Kaul held senior positions in the Government and in the United Nations system. In Government of India he was, amongst other things, Secretary to the Government of India in the Ministries of Petroleum and Natural Gas, Chemicals and Fertilizers and Coal. Earlier he has also been Principal Secretary, Finance of Madhya Pradesh. He has served as Chairman of public sector and joint sector companies including as Chairman, Petronet LNG. He has also served as a Director of many private and public sector companies and he has been on the Governing Boards of International Bodies. From 1991 to 1998 he was with the United Nations- ESCAP, Bangkok as Advisor, Trade Policy and Negotiations for Asia-Pacific Region. He holds a Masters degree from the University of Delhi and he is a Fellow of the EDI, Washington. He is currently a member of the Eminent Persons Advisory Group (EPAG), constituted by the Competition Commission of India, to give broad inputs and advice on larger issues impacting markets and competition. He is mentoring a group of experts on solar energy and another group on modernising government accounts. Shri V. N. Kaul is a member of the Audit Committee of the Company. He does not hold any share in the Company as of March 31, 2012.

9. **Insurance coverage**

The Company has obtained Directors' and Officers liability insurance coverage in respect of any legal action that might be initiated against directors.

II. **Audit Committee**

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956 and Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 the Board has constituted Audit Committee of the Board of Directors. At present, the Committee consists of four independent, non–executive directors and one non- independent non-executive director of the Company. viz; Shri C. P. Jain as Chairman, Shri Rajendra P. Chitale, Shri V. N. Kaul, Dr. Bidhubhusan Samal and Shri Amitabh Jhunjhunwala as members. All the members of the Committee posses financial / accounting exposure.

The Audit Committee, inter alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved.

The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of the Audit Committee are in accordance with all the items listed in clause 49(II) of the Listing Agreement as follows:

i. Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;

ii. Recommending the appointment, re-appointment and replacement / removal of statutory auditor and fixation of audit fees;

iii. Approving payment for any other services by statutory auditors;

iv. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;

 a. Matters required to be included in the Director's Responsibility Statement included in the report of the Board of Directors.

 b. Any changes in accounting policies and practices and reasons thereof.

 c. Major accounting entries based on exercise of judgment by management.

 d. Qualifications in draft audit report, if any.

 e. Significant adjustments arising out of audit.

 f. Compliance with listing and other legal requirements concerning financial statements.

 g. Disclosure of related party transactions.

v. Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

vi. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue,

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rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in the matter;

vii. Reviewing with the management, the performance of statutory and internal auditors, the adequacy of internal control systems;

viii. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

ix. Discussion with internal auditors on any significant findings and follow up thereon;

x. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

xi. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xii. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;

xiii To review financial statement of subsidiary companies, in particular its investments;

xiv. To review the functioning of the Whistle Blower mechanism;

xv. To approve appointment of Chief Financial Officer after assessing qualification, experience, and background etc.

xvi. Carrying out all other functions as is mentioned in the terms of reference of the Audit committee;

xvii. Review the following information:

a. Management Discussion and Analysis of Financial Condition and Results of Operations.

b. Internal audit reports relating to internal control weaknesses.

c. Management letters/ letters of internal control weaknesses issued by statutory auditors.

d. Statement of significant related party transactions, and

e. The appointment, removal and terms of remuneration of the Chief internal auditor.

The Audit Committee has the following powers:

i. to investigate any activity within its terms of reference;

ii. to seek any information from any employee;

iii. to obtain outside legal and professional advice;

iv. to secure attendance of outsiders with relevant expertise, if it considers necessary.

Attendance at the meetings of the Audit Committee held during 2011-2012

The Audit Committee held its meetings on May 18, 2011, May 30, 2011, August 13, 2011, September 14, 2011, November 11, 2011, January 31, 2012 and February 10, 2012. Maximum and minimum time gap between any two meetings, during the year under review was 80 days and 9 days respectively. All the members of the Committee attended all the meeting.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The meetings considered all the points in terms of its reference at periodic intervals.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Audit Committee.

During the year, the Committee discussed with the Company's auditors the overall scope and plans for the independent audit.

The Management represented to the Committee that the Company's financial statements were prepared in accordance with prevailing laws and regulations. The Committee discussed the Company's audited financial statements, the rationality of significant judgments and the clarity of disclosures in the financial statements. Based on the review and discussions conducted with the Management and the auditors, the Audit Committee believes that the Company's financial statements are fairly presented in conformity with prevailing laws and regulations in all material aspects.

The Committee has also reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with the prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control systems of the Company. The Committee also reviewed the financial policies of the Company and expressed its satisfaction with the same. The Committee, after review expressed its satisfaction on the independence of both the internal and the statutory auditors.

Based on the Committee's discussion with the Management and the auditors and the Committee's review of the representations of the Management, the Committee has recommended the following to the Board of Directors:

1. The audited annual financial statements of the Company for the year ended March 31, 2012, be accepted by the Board as a true and fair statement of the financial status of the Company.

2. The audited abridged financial statements of the Company for the year ended March 31, 2012, be accepted by the Board as a true and fair statement of the financial status of the Company.

3. The audited consolidated financial statements of the Company for the year ended March 31, 2012, be accepted by the Board as a true and fair statement of the financial status.

4. The audited abridged consolidated financial statements of the Company for the year ended March 31, 2012, be accepted by the Board as a true and fair statement of the financial status.

III. **Nomination / Remuneration Committee**

The Nomination / Remuneration Committee of the Board is constituted to formulate from time to time (a) process for selection and appointment of new directors and succession plans and (b) recommend to the Board from time to time, a compensation structure for directors and the manager. Presently, the Company has no executive director.

The Nomination / Remuneration Committee comprises of three directors i.e. Shri C. P. Jain, Chairman, Shri Amitabh Jhunjhunwala and Shri Rajendra P. Chitale, as members. During the year no Nomination / Remuneration Committee meeting was held.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Nomination / Remuneration Committee.

Managerial remuneration policy

The Nomination/Remuneration Committee determines and recommends to the Board, the compensation of the Directors and the Manager. The key components of the Company's Remuneration Policy are:

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a. Compensation will be a major driver of performance.

b. Compensation will be competitive and benchmarked with a select group of companies from the service sector.

c. Compensation will be transparent, fair and simple to administer.

d. Compensation will be fully legal and tax compliant.

The Ministry of Corporate Affairs vide its Circular No. 4/2011 dated March 4, 2011 has decided that a Company can pay Commission upto 3 per cent of its net profit to the Non-Whole Time Director(s) without approval of the Central Government, if it does not have a Managing Director or Whole Time Director(s). In view of above Circular, the Company can pay Commission upto 3 per cent of net profit to the Non Whole Time Directors of the Company.

Criteria for making payments to non executive directors

The remuneration to non executive directors is benchmarked with the relevant market and performance oriented, balanced between financial and sectoral market, comparative scales, aligned to Corporate goals, role assumed and number of meetings attended.

Details of Sitting fees paid to the Directors during the Financial Year ended March 31, 2012.

Directors	(₹ in lakh)
Shri Anil D. Ambani	1.00
Shri Amitabh Jhunjhunwala	3.20
Shri Rajendra P. Chitale	3.20
Shri C. P. Jain	3.20
Dr. Bidhubhusan Samal	2.40
Shri V. N. Kaul	2.40

Notes:

a. There were no other pecuniary relationships or transactions of non-executive directors vis-à-vis the Company.

b. Pursuant to the limits approved by the Board, all directors being non executive, are paid sitting fees of ₹ 20,000 for attending each meeting of the Board and its committees.

c. No remuneration by way of commission to the non executive directors was paid in the financial year 2011-12.

IV. **Shareholders / Investors Grievance Committee**

The Shareholders / Investors Grievance Committee consists of three directors of the Company, viz; Shri Rajendra P. Chitale as Chairman, Shri Amitabh Jhunjhunwala and Shri C. P. Jain as Members.

The Company has appointed Karvy Computershare Private Limited to act as Registrar and Transfer Agent of the Company.

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company. The Committee also monitors redressal of investors grievances. Particulars of investors grievances received and redressed are furnished in the investor information section of this report. The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of the Company's Code of Conduct for Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Attendance at the meeting of the Shareholders / Investors Grievance Committee held during 2011-2012.

During the year, the Shareholders / Investors Grievance Committee held its meetings on May 30, 2011, August 13, 2011, November 11, 2011 and February 10, 2012. The maximum time gap between any two meetings during the year under review was 90 days and the minimum gap was 74 days. All the members of the Committee attended the meeting.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the Shareholders / Investors Grievance Committee.

V. **Compliance Officer**

Shri V. R. Mohan, President & Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges.

VI. **Employees Stock Option Scheme (ESOS) Compensation Committee**

The ESOS Compensation Committee comprises of three Directors namely Shri Rajendra P. Chitale as the Chairman, Shri Amitabh Jhunjhunwala and Shri C. P. Jain as members.

Shri V. R. Mohan, President & Company Secretary acts as the Secretary to the ESOS Compensation Committee.

No meeting of the ESOS Compensation Committee was held during the year.

VII. **Employee Stock Option Scheme**

In order to share the growth in value and reward the employees for having participated in the success of the Company, our Employee Stock Option Scheme (the Scheme) has been implemented by the Company to the eligible employees based on specified criteria, under Employee Stock Option Plans A and B.

The Plans are prepared in due compliance of Scheme, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and other applicable laws.

VIII. **General Body Meetings**

The Company held its last three Annual General Meetings as under:

Year	Date and Time	Whether Special Resolution passed or not
2010-2011	September 27, 2011 10.00 a.m.	Yes, Qualified Institutional Placement (QIP)
2009-2010	September 28, 2010 12.00 noon	Yes, 1. Qualified Institutional Placement (QIP) 2. Approval for payment of commission to non-executive Directors
2008-2009	July 21, 2009 11.00 a.m.	Yes, Qualified Institutional Placement (QIP)

Above Annual General Meetings were held at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

IX. **Postal Ballot**

The Company had not conducted any Postal Ballot during the year and there is no resolution proposed to be passed by postal ballot at the ensuing Annual General Meeting.

None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through postal ballot.

X. **Means of communication**

a. **Quarterly Results:** Quarterly Results are published in Business Standard, English daily newspaper circulating in substantially the whole of India and in Navshakti,

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Corporate Governance Report

Marathi vernacular daily newspaper and are also posted on the Company's website www.reliancecapital.co.in.

b. **Media Releases and Presentations:** Official media releases are sent to the Stock Exchanges before their release to the media for wider dissemination. Presentations made to media, analysts, institutional investors, etc. are posted on the Company's website.

c. **Website:** The Company's website contains a separate dedicated section 'Investor Relations'. It contains comprehensive database of information of interest to our investors including the financial results and Annual Report of the Company, information on dividend declared by the Company, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered/ facilities extended by the Company to our investors, in a user friendly manner. The basic information about the Company as called for in terms of clause 54 of the Listing Agreement with the Stock Exchanges is provided on the Company's website and the same is updated regularly.

d. **Annual Report:** Annual Report containing, inter alia, Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management Discussion and Analysis Report forms part of the Annual Report and is displayed on the Company's website.

The Ministry of Corporate Affairs ("MCA"), Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies in terms of which a Company would have ensured compliance with the provisions of Section 53 of the Act, if service of documents have been made through electronic mode. In such a case, the Company has to obtain e-mail addresses of its members for sending the notices / documents through e-mail giving an advance opportunity to each shareholder to register their e-mail address and changes therein, if any, from time to time with the Company.

The Company has welcomed the Green Initiative and accordingly has e-mailed to all those Members whose e-mail IDs are available with the Company's Registrar and Transfer Agent, the soft copies of the Unabridged Financial Statements for the year ended March 31, 2012.

e. **Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies.

f. **Unique Investor helpdesk:** Exclusively for investor servicing the Company has set up a unique investor Help Desk with multiple access modes as under:

Toll free No. (India)	:	1800 4250 999
Telephone Nos.	:	+91 40 4030 8000
Fax No.	:	+91 40 2342 0859
Email	:	rclinvestor@karvy.com
Post your request	:	http://kcpl.karvy.com/adag

g. **Designated email-id:** The Company has also designated email-id rcl.investors@relianceada.com for investor servicing.

h. **National Electronic Application Processing System (NEAPS):** the NEAPS is a web based system designed by NSE for corporate. The shareholding pattern and Corporate Governance Report are also filed electronically on NEAPS.

i. **SEBI Complaint Redress Systems (SCORES)** : The investors' complaints are also being processed through the centralised web base complaint redressal system. The salient features of SCORES are availability of centralised data base of the complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the complaints.

XI. **Compliance with other mandatory requirements**

1. **Management Discussion and Analysis**

A Management Discussion and Analysis Report forms part of this Annual Report and includes discussions on various matters specified under Clause 49(IV)(F) of the listing agreement.

2. **Subsidiaries**

Reliance General Insurance Company Ltd. (RGICL) is a material non-listed Indian subsidiary company in terms of Clause 49 (III) of the Listing Agreement.

Accordingly, Shri Rajendra P. Chitale, an Independent Director of the Company has been appointed on the Board of RGICL.

The minutes of the meetings of the Board of Directors of subsidiary companies are placed before the meeting of Board of Directors of the Company and the attention of the directors is drawn to all significant transactions and arrangements entered into by subsidiary companies.

3. **Disclosures**

a. There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.

b. **Related party transactions**

During the year 2011-12, no transactions of material nature had been entered into by the Company with the Promoters or Directors or Management or their relatives, subsidiaries that may have a potential conflict with interest of the Company. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.

c. **Accounting treatment**

In the preparation of financial statements, the Company has followed the Accounting Standards as prescribed under Companies (Accounting Standard) Rules, 2006, as applicable. The Accounting Policies followed by the Company to the extent relevant, are set out elsewhere in this Annual Report.

d. **Risk management**

The Company has laid down a robust Risk Management Policy, defining Risk profiles involving Strategic, Technological, Operational, Financial, Organisational, Legal and Regulatory risks within a well defined framework. The Risk management Policy acts as an enabler of growth for the Company by helping its businesses to identify the inherent risks, assess, evaluate and monitor these risks continuously and undertake effective steps to manage these risks.

A Risk Management Committee (RMC) consisting of senior executives of the Company periodically reviews the robustness of the Risk Management Policy. The periodical update on the risk management practices and mitigation plan of the Company and subsidiaries are presented to the Audit Committee and Board of Directors. The Audit Committee and Board periodically review such updates and findings and suggest areas where internal controls and risk management practices can be improved.

Asset Liability Management Committee (ALCO) consisting of senior management executives, monitors liquidity and interest

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rate risks of the Company. The functioning of ALCO is reviewed by the RMC which meets on quarterly basis and reports to the Board of Directors.

e. **Prevention of Money Laundering – Know Your Customer Policy**

In keeping with specific requirements for Non Banking Financial Companies (NBFCs) the Company has also formulated a Prevention of Money Laundering and Know Your Customer Policy.

f. **Code of conduct**

The Company has adopted the code of conduct and ethics for directors and senior management. The Code has been circulated to all the members of the Board and senior management and the same has been posted on the Company's website www.reliancecapital.co.in. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Manager of the Company appointed in terms of the Companies Act, 1956 (i.e., the CEO within the meaning of Clause 49(V) of the Listing Agreement) is given below:

"It is hereby declared that the company has obtained from all members of the Board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the year 2011-12".

V. R. Mohan
Manager

g. **CEO and CFO certification**

Shri V. R. Mohan, President & Company Secretary being the CEO and Shri Amit Bapna, CFO of the Company have provided certification on financial reporting and internal controls to the Board as required under Clause 49(V) of the Listing Agreement.

h. **Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended March 31, 2012 have been prepared as per applicable Accounting Standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

XII. **Policy on insider trading**

The Company has formulated a Code of Conduct for Prevention of Insider Trading (Code) in accordance with the guidelines specified under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Board has appointed Shri V. R. Mohan, President & Company Secretary as the Compliance Officer under the Code responsible for complying with the procedures, monitoring adherence to the rules for the preservation of price sensitive information, pre- clearance of trade, monitoring of trades and implementation of the Code of Conduct under the overall supervision of the Board. The Company's Code, inter alia, prohibits purchase and/or sale of shares of the company by an insider while in possession of unpublished price sensitive information in relation to the company and also during certain prohibited periods. The Company's Code is available on the Company's website.

XIII. **Compliance of Clause 5A of Listing Agreement**

In terms of Clause 5A(II) of the Listing Agreement the Company has dematerialised and transferred 2,08,292 equity shares of the Company issued in physical form to 53,487 shareholders and remaining unclaimed, to "Reliance Capital Limited – Unclaimed Suspense Account". No shares were transferred from the suspense account to the shareholders' accounts, during the year.

The voting rights on the shares in the "Reliance Capital Limited – Unclaimed Suspense Account" shall remain frozen till the rightful owner of such shares claim the shares.

XIV. **Compliance with non-mandatory requirements**

1. **Tenure of independent directors on the Board**

The tenure of independent directors on the Board of the Company shall not exceed nine years in aggregate.

2. **Nomination / Remuneration Committee**

The Board has set up a Nomination / Remuneration Committee, details whereof are furnished at Sr. No. III of this report.

3. **Disclosures**

The quarterly financial results including summary of significant events of relevant period are published in newspapers and hosted on the website of the Company.

4. **Audit qualifications**

The financial statements of the company are unqualified.

5. **Training of Board members**

A programme has been devised to train Board members in the business model of the Company, risk profile of the business parameters and their responsibilities as directors.

6. **Whistle blower policy**

The Company has formulated a policy to prohibit managerial personnel from taking adverse action against employees, who are disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement, gross waste or misappropriation of public funds, substantial and specific danger to public health and safety or an abuse of authority. The policy also lays down the mechanism for making enquiry in to whistle blower complaint received by the Company.

Employees aware of any alleged wrongful conduct are encouraged to make a disclosure to the Audit Committee. Employees knowingly making false allegations of alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action. No personnel of the Company have been denied access to the grievance redressal mechanism of the Company.

XV. **Corporate Governance Voluntary Guidelines 2009**

The Company has ensured substantial compliance with most of the guidelines issued by the Ministry of Corporate Affairs on Corporate Governance in the year 2009, notwithstanding that they are subject to only voluntary compliance by corporates.

XVI. **General shareholder information**

The mandatory and various additional information of interest to investors are voluntarily furnished in a separate section on investor information in this annual report.

Auditors' certificate on corporate governance

The Auditors' certificate on compliance of Clause 49 of the listing agreement relating to corporate governance report is published elsewhere in this Annual Report.

Review of governance practices

We have in this Report attempted to present the governance practices and principles being followed at Reliance Capital, as evolved over the years, and as best suited to the needs of our business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognised practices of governance, so as to meet the expectations of all our stakeholders.

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Investor Information

Important points

Hold securities in dematerialised form

Investors should hold their securities in dematerialised form as the same is beneficial due to following:-

- A safe and convenient way to hold securities;
- Elimination of risks associated with physical certificates such as bad delivery, fake securities, delays, thefts etc.
- Immediate transfer of securities;
- No stamp duty on electronic transfer of securities;
- Reduction in transaction cost;
- Reduction in paperwork involved in transfer of securities;
- No odd lot problem, even one share can be traded;
- Availability of nomination facility;
- Ease in effecting change of address as change with Depository Participants gets registered with all companies in which investor holds securities electronically;
- Easier transmission of securities as the same done by Depository Participants for all securities in demat account;
- Automatic credit into demat account of shares, arising out of bonus/split/consolidation/merger etc.

Hold securities in consolidated form

Investors holding shares in multiple folios are requested to consolidate their holdings in single folio. Holding of securities in one folio enables shareholders to monitor the same with ease.

Furnish bank details and get dividend directly credited in bank account

Investors should avail the Electronic Clearing Services for payment of dividend as the same reduces risk attached to physical dividend warrants. Some of the advantages of payment through electronic credit services are as under:

- Avoidance of frequent visits to banks for depositing the physical instruments.
- Prompt credit to the bank account of the investor through electronic clearing.
- Fraudulent encashment of warrants is avoided.
- Exposure to delays / loss in postal service avoided.
- As there can be no loss in transit of warrants, issue of duplicate warrants is avoided.

Printing of bank account numbers, names and addresses of bank branches on dividend warrants provide protection against fraudulent encashment of dividend warrants. Members are requested to provide, the same to the Company's RTA for incorporation on their dividend warrants.

Register for SMS alert facility

Investor should register with Depository Participants for the SMS alert facility. Both National Securities Depository Limited and Central Depository Services (India) Limited alert investors through SMS of the debits and credits in their demat account.

Submit nomination form and avoid transmission hassle

Nomination helps nominees to get the shares transmitted in their favour without any hassles. Investors should get the nomination registered with the Company in case of physical holding and with their Depository Participants in case of shares are held in dematerialised form.

Form may be downloaded from the Company's website, www.reliancecapital.co.in under the section "Investor Relations". However, if shares are held in dematerialised form, nomination has to be registered with the concerned Depository Participants directly, as per the form prescribed by the Depository Participants.

Deal only with SEBI registered intermediaries

Investors should deal with SEBI registered intermediary so that in case of deficiency of services, investor may take up the matter with SEBI.

Corporate benefits in electronic form

Investor holding shares in physical form should opt for corporate benefits like split/ bonus etc. in electronic form by providing their demat account details to Company's RTA.

Register e-mail address

Investors should register their email address with the Company / DPs. This will help them in receiving all communication from the Company electronically at their email address. This also avoids delay in receiving communications from the Company. Prescribed form for registration may please be downloaded from the Company's website.

Dividend announcements

The Board of Directors of the Company have recommended a Dividend of ₹ 7.50 (75%) per equity share of the Company for the financial year ended March 31, 2012, subject to the declaration by shareholders at the ensuing Annual General Meeting (AGM). The dividend, if declared, will be paid after the Meeting.

Book closure dates for the purpose of dividend and AGM

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 25, 2012 to Tuesday, September 4, 2012 (both days inclusive) for the purpose of AGM as well as to determine the entitlement of shareholders to receive the Dividend, if any, for the year ended March 31, 2012.

Dividend remittance

Dividend on Equity Shares as recommended by the Directors for the financial year ended March 31, 2012, when declared at the AGM will be paid to:

(i) all those equity shareholders whose names appear in the Register of Members as on August 24, 2012 and

(ii) those whose names as beneficial owners as on August 24, 2012 are furnished by the National Securities Depository Limited and Central Depository Services (India) Limited for the purpose.

Modes of payment of dividend

The dividend is paid under two modes viz:

- Credit to the Bank account via
 - ECS (Electronic Clearing Services)
 - NECS (National Electronic Clearing Services)
 - NEFT (National Electronic Funds Transfer)
 - RTGS (Real Time Gross Settlement)
 - Direct Credit
- Dispatch of physical dividend warrant

Shareholders are requested to avail the Electronic Clearing Services for payment of dividend as the same is immensely beneficial and considerably reduces risk attached to physical dividend warrants.

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Investor Information

Annual General Meeting

The 26th Annual General Meeting (AGM) will be held on Tuesday, September 4, 2012 at 10:00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Financial year of the company

The financial year of the Company is from April 1 to March 31 each year.

Website

The Company's website www.reliancecapital.co.in contains a separate dedicated section called 'Investor Relations'. It contains comprehensive data base of information of interest to our investors including the financial results, annual reports, dividends declared, any price sensitive information disclosed to the regulatory authorities from time to time, business activities and the services rendered / facilities extended to our investors.

Dedicated e-mail id for investors

For the convenience of our investors, the Company has designated an e-mail id i.e. rcl.investor@relianceada.com

Registrar and Transfer Agent (RTA)
Karvy Computershare Private Limited
Unit: Reliance Capital Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village,
Hyderabad - 500081, Andhra Pradesh
Toll free no. (India) : 1800 4250 999
Telephone : +91 40 4030 8000
Fax No. : +91 40 2342 0859
E-mail : rclinvestor@karvy.com
Post your request : http://kcpl.karvy.com/adag

Shareholders/investors are requested to forward share transfer documents, dematerialisation requests (through their Depository Participant (DP)) and other related correspondence directly to Company's RTA at the above address for speedy response.

Course of action in case of non-receipt of dividend, revalidation of dividend warrant etc.

Shareholders may write to the Company's RTA, furnishing the particulars of the dividend not received, and quoting the folio number/DP ID and Client ID particulars (in case of dematerialised shares). On expiry of the validity period, if the dividend warrant still appears as unpaid in records, duplicate warrant will be issued. The Company's RTA would request the concerned shareholder to execute an indemnity before issuing the duplicate warrant. However, duplicate warrants will not be issued against those shares wherein a 'stop transfer indicator' has been instituted either by virtue of a complaint or by law, unless the procedure for releasing the same has been completed. Shareholders are requested to note that they have to wait till the expiry of the validity of the original warrant before a duplicate warrant is issued to them, since the dividend warrants are payable at par at several centres across the country and the banks do not accept 'stop payment' instructions on the said warrants.

Unclaimed dividends

(i) Transfer to the Central Government

Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto and including for the financial year 1994-95 have been transferred to the General Revenue Account of the Central Government.

The shareholders who have not encashed their dividend warrants relating to financial year(s) upto 1994-95 are requested to claim the amounts from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD – Belapur, Navi Mumbai 400 614, in the prescribed form which will be furnished by the Company on request.

(ii) Transfer to the Investor Education and Protection Fund (IEPF)

The dividends for the year 1995-96 to 2003-2004 remaining unclaimed for 7 years from the date of declaration have been transferred to the IEPF established by the Government of India pursuant to Section 205C of the Companies Act, 1956. Consequently, no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date it first became due for payment.

(iii) Dividends to be transferred to the Investor Education and Protection Fund (IEPF)

The dividend for the following years remaining unclaimed for 7 years from the date of declaration are required to be transferred by the Company to IEPF and the various dates for transfer of such amounts are as under:

Financial year ended	Dividend per share (₹)	Date of declaration	Due for transfer on
31-03-2005	3.00	17-08-2005	16-09-2012
31-03-2006	3.20	09-06-2006	08-07-2013
31-03-2007	3.50	03-07-2007	02-08-2014
31-03-2008	5.50	16-09-2008	15-10-2015
31-03-2009	6.50	21-07-2009	20-08-2016
31-03-2010	6.50	28-09-2010	27-10-2017
31-03-2011	6.50	27-09-2011	26-10-2018

Members who have so far not encashed dividend warrant for the aforesaid years are requested to approach the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited, immediately.

Ministry of Corporate Affairs has notified the Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012, where by the Company, inter alia, will be required to upload the details of unpaid and unclaimed dividend on the website of the company. The Company shall ensure to comply the same within the stipulated time frame.

Members are requested to note that no claims shall lie against the Company or the IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the date that it first became due for payment and no payment shall be made in respect of any such claim.

Share transfer system

Shareholders / investors are requested to send share certificate(s) along with share transfer deed in the prescribed form 7B, duly filled in, executed and affixed with share transfer stamps, to the Company's RTA. If the transfer documents are in order, the transfer of shares is registered within 7 days of receipt of transfer documents by Company's RTA.

Permanent Account Number (PAN) for transfer of shares in physical form mandatory

SEBI has stated that for securities market transactions and off-market transactions involving transfer of shares in physical form of listed companies, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the Company's RTA for registration of such transfer of shares.

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Investor Information

Shareholding Pattern

Category of shareholders		As on 31-03-2012		As on 31-03-2011	
		No. of Shares	%	No. of Shares	%
(A)	Shareholding of promoter and promoter group_				
	(i) Indian	13 29 82 272	54.14	13 29 82 274	54.14
	(ii) Foreign				
	Total shareholding of promoter and promoter group	13 29 82 272	54.14	13 29 82 274	54.14
(B)	Public shareholding				
(i)	Institutions	6 45 89 844	26.30	6 51 50 382	26.52
(ii)	Non-institutions	4 70 86 355	19.16	4 58 27 272	18.66
	Total public shareholding	11 16 76 199	45.46	11 09 77 654	45.18
(C)	Shares held by custodians and against which depository receipts have been issued	9 74 329	0.40	16 72 872	0.68
	GRAND TOTAL (A)+(B)+(C)	24 56 32 800	100.00	24 56 32 800	100.00

Distribution of Shareholding

Number of shares	Number of shareholders as on 31.03.2012		Total shares as on 31.03.2012		Number of shareholders as on 31.03.2011		Total shares as on 31.03.2011	
	Number	%	Number	%	Number	%	Number	%
Upto 500	11 92 963	99.30	288 44 451	11.74	12 77 180	99.40	2 83 88 843	11.56
501 to 5000	7 773	0.65	86 34 907	3.52	7 155	0.56	79 36 526	3.23
5001 to 100000	233	0.02	16 34 221	0.67	436	0.03	84 32 423	3.43
Above 100000	352	0.03	20 65 19 221	84.07	103	0.01	20 08 75 008	81.78
Total	12 01 321	100.00	24 56 32 800	100.00	12 84 874	100.00	24 56 32 800	100.00

Dematerialisation of shares

The Company was among the first few companies to admit its shares to the depository system of National Securities Depository Ltd. (NSDL) for dematerialisation of shares. The International Securities Identification Number (ISIN) allotted to the Company is INE013A01015. The Company was the first to admit its shares and go 'live' on to the depository system of Central Depository Services (India) Ltd. (CDSL) for dematerialisation of shares. The equity shares of the Company are compulsorily traded in dematerialised form as mandated by Securities and Exchange Board of India (SEBI).

Status of dematerialisation of shares

As on March 31, 2012, 97.69 per cent of the Company's shares are held in Dematerialised form.

Investors' Grievances Attended

Received from	Received during		Redressed during		Pending as on	
	2011-2012	2010-2011	2011-2012	2010-2011	31.3.2012	31.3.2011
SEBI	12	36	12	36	Nil	Nil
Stock Exchanges	20	21	20	21	Nil	Nil
NSDL/CDSL	9	0	9	0	Nil	Nil
Direct from investors	18	11	18	11	Nil	Nil
Total	59	68	59	68	Nil	Nil

Analysis of Grievances

	2011-2012		2010-2011	
	Numbers	Percentage	Numbers	Percentage
Non-receipt of dividends	31	52.55	35	51.47
Non-receipt of share certificates	9	15.25	21	30.88
Others	19	32.20	12	17.65
Total	59	100.00	68	100.00

There was no complaint pending as on March 31, 2012.

Notes :

1. The shareholder base was 12,01,321 as of March 31, 2012 and 12,84,874 as of March 31, 2011.
2. Investors queries / grievances are normally attended within a period of 3 days from the date of receipt thereof, except in cases involving external agencies or compliance with longer procedural requirements specified by the authorities concerned.

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Reliance Capital Limited

Investor Information

Legal Proceedings

There are certain pending cases relating to disputes over title to shares, in which the Company is made a party. These cases are however not material in nature.

Equity History

Sr. No.	Date	Particulars	Price per equity share	No. of shares	Cumulative Total
1.	05-03-1986	Shares issued upon incorporation	10	7 000	7 000
2.	21-06-1990	1st Public Issue	10	1 99 93 000	2 00 00 000
3.	28-08-1992	Shares Issued upon amalgamation of Arasina hotels with the Company	-	18 70 000	2 18 70 000
4.	10-02-1993	1st Rights Issue 1992 with a ratio of 1:1	40	2 18 77 500	4 37 47 500
5.	18-07-1994 & 29-10-1994	Preferential Allotment to Promoters	50	2 74 00 000	7 11 47 500
6.	20-01-1995	Public Issue 1995	140	4 33 97 592	11 45 45 092
7.	17-02-1995	Rights Issue 1995	50	1 40 01 970	12 85 47 062
8.	11-07-1995 to 13-11-1997	Allotment of Rights kept in abeyance	50	1 03 388	12 86 50 450
9.	04-11-1996	Forfeiture of equity shares relating to Public Issues of 1990 and Rights Issue 1992	-	(1 23 400)	12 85 27 050
10.	27-04-2000	Forfeiture of equity shares relating to Public and Rights Issue 1995	-	(12 61 455)	12 72 65 595
11.	27-04-2000 to 29-07-2003	Forfeiture of equity shares annulled	-	40 649	12 73 06 244
12.	21-07-2005	Preferential Allotment to FIIs	228	1 62 60 001	14 35 66 245
13.	02-08-2005	Preferential Allotment to Promoters	228	6 00 00 000	20 35 66 245
14.	22-08-2005	Allotment to Promoter upon Conversion of warrants on preferential basis	228	38 00 000	20 73 66 245
15.	31-03-2006	Allotment to Promoter upon Conversion of warrants on preferential basis	228	1 55 00 000	22 28 66 245
16.	07-08-2006	Allotment pursuant to amalgamation of Reliance Capital Ventures Ltd. (RCVL) with the Company	-	6 11 56 521	
	07-08-2006	Less: Shares extinguished due to amalgamation of RCVL with the Company	-	(6 00 89 966)	22 39 32 800
17.	30-01-2007	Allotment to Promoter upon Conversion of warrants on preferential basis	228	2 17 00 000	24 56 32 800

Stock Price and Volume

2011-12	BSE Ltd.			National Stock Exchange of India Ltd.		
	High ₹	Low ₹	Volume Nos.	High ₹	Low ₹	Volume Nos.
April, 2011	633.90	558.20	72 66 969	634.70	557.50	2 37 70 177
May, 2011	566.40	469.40	64 11 491	566.00	468.40	2 24 59 371
June, 2011	579.50	501.25	84 29 059	581.45	501.00	3 03 17 416
July, 2011	612.40	474.15	49 78 785	613.00	564.20	1 78 33 785
August, 2011	585.95	340.50	1 14 56 592	585.90	340.10	4 45 23 250
September, 2011	436.55	312.00	2 40 72 740	436.40	311.50	8 12 36 627
October, 2011	376.50	310.05	1 73 61 929	376.45	309.70	5 82 96 546
November, 2011	381.90	274.75	1 48 90 595	381.85	274.15	5 17 09 041
December, 2011	315.00	229.50	1 44 21 048	315.00	230.00	4 99 24 115
January, 2012	361.50	225.50	2 50 18 793	362.30	226.05	8 76 14 986
February, 2012	481.75	356.20	2 51 08 346	481.65	356.30	9 00 72 359
March, 2012	444.30	374.15	2 30 48 169	444.60	374.25	8 50 56 431

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Investor Information

Stock exchange listings

The Company's equity shares are actively traded on BSE and NSE, the Indian Stock Exchanges.

Listing on stock exchanges

Equity shares

BSE Limited
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai- 400 001.
E-mail : corp.relations@bseindia.com
Website : www.bseindia.com

National Stock Exchange of India Limited
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai 400 051.
E-mail : cmlist@nse.co.in
Website : www.nseindia.com

Stock codes

BSE Limited	:	500111
National Stock Exchange of India Limited	:	RELCAPITAL
ISIN for equity shares	:	INE 013A01015

An Index Scrip: Equity Shares of the Company are included in the Indices viz. NSE S&P CNX Nifty Junior, NSE S&P CNX 500, NSE CNX Finance Index, NSE CNX Midcap, NSE Nifty Midcap 50, NSE CNX 200, BSE100, BSE200, BSE500, CNX Service Sector Index and MSCI India.

Global Depository Receipts (GDRs)

Luxembourg Stock Exchange
Societe de la Bourse, De Luxembourg,
11, av de la Porte Neuve, L 2227 Luxembourg
E-mail : info@bourse.lu
Website : www.bourse.lu

Depository bank for GDR holders

Deutsche Bank Trust Company America

60 Wall Street, New York - 10005

Security Codes of RCL GDRs

	Master Rule 144A GDRs	Master Regulation S GDRs
CUSIP	75945L103	75945L202
ISIN	US75945L1035	US75945L2025
Common Code	026469457	026470315

Note: The GDRs are admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on the Euro MTF market. The Rule 144A GDRs have been accepted for clearance and settlement through the facilities of DTC, New York. The Regulation S GDRs have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg. The Rule 144A GDRs have been designated as eligible for trading on PORTAL.

Outstanding GDRs of the Company, conversion date and likely impact on equity

Outstanding GDRs as on March 31, 2012 represent 9,74,329 equity shares constituting 0.40% of the paid up equity share capital of the Company.

Debt securities

The Debt Securities of the Company are listed on the Wholesale Debt Market Segment of BSE.

Debenture trustee

IL&FS Trust Company Limited
The IL&FS Financial Center, Plot C-22, G Block
Bandra- Kurla Complex, Bandra East, Mumbai-400051

Payment of listing fees

Annual listing fee for the year 2012-13 (as applicable) has been paid by the Company to the stock exchanges.

Share price performance in comparison to broad based indices - BSE Sensex and NSE Nifty

	RCL	Sensex BSE	Nifty NSE
FY 2011-12	-32.60%	-10.50%	-9.23%
2 years	-48.08%	-0.70%	0.88%
3 years	10.83%	79.27%	75.29%

Key financial reporting dates for the financial year 2012-13

Unaudited results for the first quarter ended June 30, 2012	:	On or before August 13, 2012
Unaudited results for the second quarter / half year ended September 30, 2012	:	On or before November 14, 2012
Unaudited results for the third quarter ended December 31, 2012	:	On or before February 14, 2013
Audited results for the financial year 2012-13	:	On or before May 30, 2013

Depository services

For guidance on depository services, shareholders may write to the Company's RTA or National Securities Depository Ltd., Trade World, A Wing, 4th and 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai 400 013, Telephone: (022) 2499 4200, Facsimile: (022) 2497 2993 / 2497 6351, e-mail: info@nsdl.co.in, website: www.nsdl.com or Central Depository Services (India) Ltd., Phiroze Jeejeebhoy Towers, 16th Floor, Dalal Street, Mumbai 400 023. Tel.: 022-2272 3333 Facsimile: (022) 2272 3199 / 2072, website: www.cdslindia.com, e-mail: investors@cdslindia.com

Communication to members

The quarterly financial results of the Company were announced within 45 days of the end of the respective quarter during the year under review. The Company's media releases and details of significant developments are made available on the Company's website: www.reliancecapital.co.in. These are also published in leading newspapers.

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Reliance Capital Limited

Investor Information

Reconciliation of share capital

The Securities and Exchange Board of India has directed that all issuer companies shall submit a certificate reconciling the total shares held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued / paid up capital. The said certificate, duly certified by a qualified chartered accountant is submitted to the stock exchanges where the securities of the Company are listed within 30 days of the end of each quarter and the certificate is also placed before the Board of Directors of the Company.

Investors' correspondence may be addressed to the Registrar and Transfer Agent of the Company

Shareholders / Investors are requested to forward documents related to share transfer, dematerialisation requests (through their respective Depository Participant) and other related correspondence directly to Karvy Computershare Private Limited at the below mentioned address for speedy response.

Karvy Computershare Private Limited
Unit: Reliance Capital Limited
Madhura Estates, Municipal No. 1-9/13/C
Plot No. 13 & 13C, Madhapur Village
Hyderabad 500 081
Andhra Pradesh, India

Shareholders / Investors may send the above correspondence at the following address

Queries relating to financial statements of the Company may be addressed to :

The Chief Financial Officer
Reliance Capital Limited
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Telephone: +91 22 3047 9400
Facsimile: +91 22 3032 7202
E-mail : rcl.investor@relianceada.com

Correspondence on investor services may be addressed to:

President & Company Secretary
Reliance Capital Limited
H Block, 1st Floor
Dhirubhai Ambani Knowledge City
Navi Mumbai 400 710
Telephone: +91 22 3047 9800
Facsimile: +91 22 3032 7202
E-mail : rcl.investor@relianceada.com

Plant Locations

The Company is engaged in the business of financial services and as such has no plant.

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Auditors' Certificate on Corporate Governance

To,
The Members of
Reliance Capital Limited

We have examined the compliance of conditions of Corporate Governance by Reliance Capital Limited ('the Company'), for the year ended on March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance of conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

Mumbai
Dated: June 2, 2012

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: June 2, 2012

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Auditors' Report on Financial Statements

To,

The Members of

Reliance Capital Limited

We have audited the attached balance sheet of Reliance Capital Limited ('the Company'), as at March 31, 2012, the statement of profit and loss and the cash flow statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Without qualifying our report, we draw your attention to Note 29 (III) (b) of the financial statements, regarding the Scheme of Amalgamation ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Bombay, the Scheme permits the Company to adjust expenses and/or losses identified by Board of Directors as exceptional items, which are required to be debited to the Statement of Profit and Loss by a corresponding withdrawal from General Reserve, which is considered to override the relevant provisions of Accounting Standard 5 (AS-5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. Accordingly, the Company has identified loss on sale of investments during the year of ₹ 149 crore, as in the opinion of the Board, such loss are considered to be of an exceptional items have been met by corresponding withdrawal from General Reserve and has credited the said withdrawal to the Statement of Profit and Loss. Had such losses not been met from General Reserve, the Company would have reflected a profit before tax of ₹ 472 crore and profit after tax for the year would have been ₹ 370 crore:
3. Further to our comments in the Annexure referred to in paragraph 1 above, we report that

a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) in our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of the books;

c) the balance sheet, the statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

d) In our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956; as referred in paragraph (2) above, the Company has exercised the option available as per court orders which overrides the relevant provisions of Accounting Standard 5 (AS- 5).

e) on the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors of the Company are disqualified as at March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

f) in our opinion and to the best of our information and according to explanations given to us, the said financial statements together with the notes thereon, give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

 (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;

 (ii) in the case of the statement of profit and loss, of the profit of the Company for the year ended on that date; and

 (iii) in the case of the cash flow statement, of the cash flows of the Company for the year ended on that date.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

Mumbai
Dated: May 19, 2012

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

Annexure to Auditors' Report

(Referred to in our report of even date)

(i) In respect of its fixed assets:

 (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

 (b) The Company has a program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

 (c) As per information and explanation given to us, during the year, the Company has not disposed off substantial part of fixed assets that would affect the going concern.

(ii) The Company is a service company, primarily engaged in lending and investing activities. Accordingly, it does not hold any physical inventories. Thus, paragraph 4 (ii) of the Order is not applicable to the Company.

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Annexure to Auditors' Report

(iii) According to the information and explanations given to us, the Company has neither granted nor taken any loan secured/unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clauses (iii)(a) to (iii)(g) of paragraph 4 of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system.

(v) According to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section. Accordingly, clause (v) of the Order is not applicable to the Company.

(vi) The Company has not accepted deposits from public hence directives issued by the Reserve Bank of India and the provisions of Section 58A and 58 AA or any other relevant provisions of the Act, and rules framed there under are not applicable for the year under audit.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) According to the information and explanations given to us, The Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Act, in respect of activities carried on by the Company. Hence the provisions of clause 4(viii) of the Order is not applicable to the Company.

(ix) (a) According to the records of the Company, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including Investor Education Protection Fund, Income tax, Sales-tax, Wealth tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, except in case of Professional Tax in which there were a few delays in payment of the said dues. According to the information and explanations given to us, there are no undisputed amounts payable outstanding as at March 31, 2012 for a period of more than six months from the date they became payable

(b) According to the information and explanation given to us, there are no such statutory dues, which have not been deposited on account of any dispute, except in respect of sales tax under Gujarat Sales Tax Act, 1969 of ₹ 4,75,916 for the period 2001-02 which is pending before the Gujarat Sales Tax Tribunal, Ahmedabad and sales tax under Madhya Pradesh General Sales Tax Act, 1958 of ₹ 4,30,472 for the period 1996-97 which is pending before Appellate Deputy Commissioner of the Commercial Tax, Indore Division - I .

(x) The Company neither has accumulated losses nor has it incurred any cash losses during the current financial year and in the immediately preceding financial year.

(xi) Based on our audit procedures and the information and explanation given by management, we are of the opinion that as at the balance sheet date the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.

(xii) In our opinion and according to the information and explanations given to us, adequate documents and records have been maintained by the Company in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund, a nidhi or a mutual benefit society/society. Therefore, the provisions of clause 4(xiii) of the Order is not applicable to the Company.

(xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares, securities, debentures, and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.

(xv) The Company has given guarantees for loans taken by others from banks or financial institutions. According to the information and explanations given by the management, in our opinion the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions are not prejudicial to the interest of the Company.

(xvi) According to the information and explanation given to us, the term loans taken by the Company during the year have been applied for the purpose for which they were raised.

(xvii) According to information and explanation given to us and on an overall examination of the Balance Sheet of the Company as at March 31, 2012, no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties and Companies, covered in the register maintained under Section 301 of the Act.

(xix) The Company has created securities / is in the process of creation of securities and /or charges in respect of secured debentures issued during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

Mumbai
Dated: May 19, 2012

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

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Reliance Capital Limited

Balance Sheet as at March 31, 2012

(₹ in crore)

		Note No.	As at March 31, 2012		As at March 31, 2011	
I	**EQUITY AND LIABILITIES**					
(1)	**Shareholders' funds**					
(a)	Share capital	4	**246**		246	
(b)	Reserves and surplus	5	**10 798**	**11 044**	6 782	7 028
(2)	**Non-current liabilities**					
(a)	Long-term borrowings	6	**10 865**		10 701	
(b)	Other long-term liabilities	7	**-**		1	
(c)	Long-term provisions	8	**25**	**10 890**	28	10 730
(3)	**Current liabilities**					
(a)	Short-term borrowings	9	**3 453**		4 990	
(b)	Trade payables	10	**7**		1	
(c)	Other current liabilities	11	**4 583**		3 686	
(d)	Short-term provisions	12	**206**		173	
				8 249		8 850
	TOTAL			**30 183**		26 608
II	**ASSETS**					
(1)	**Non-current assets**					
(a)	Fixed assets	13				
	(i) Tangible assets		**142**		70	
	(ii) Intangible assets		**21**		9	
			163		79	
(b)	Non-current investments	14	**13 225**		10 439	
(c)	Deferred tax assets (net)	15	**3**		27	
(d)	Long-term loans and advances	16	**8 713**		8 601	
(e)	Other non-current assets	17	**981**	**23 085**	1 217	20 363
(2)	**Current assets**					
(a)	Current investments	18	**600**		728	
(b)	Trade receivables	19	**193**		17	
(c)	Cash & bank balances	20	**436**		908	
(d)	Short-term loans and advances	21	**5 400**		4 293	
(e)	Other current assets	22	**469**		299	
				7 098		6 245
	TOTAL			**30 183**		26 608

See accompanying notes to the financial statements 1 - 48

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**

Directors **Rajendra P. Chitale**, **C. P. Jain**, **Dr. Bidhubhusan Samal**, **V. N. Kaul**

President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Statement of Profit and Loss for the year ended March 31, 2012

(₹ in crore)

		Note No.	2011-12		2010-11	
	REVENUE					
I	Revenue from operations	23	**3 268**		1 878	
II	Other income	24	**49**		93	
III	**Total revenue (I+ II)**			**3 317**		1 971
IV	**EXPENSES**					
	Employee benefits expense	25	**141**		110	
	Finance costs	26	**2 065**		1 257	
	Depreciation and amortisation expense	13	**26**		14	
	Other expenses	27	**464**		389	
	Total expenses			**2 696**		1 770
V	**Profit before exceptional items and tax (III-IV)**			**621**		201
VI	**Exceptional items**					
	Investment written off due to amalgamation [Refer Note 29 (III) (a)]			**-**		329
	Loss on sale of investments [Refer Note 29 (III) (b)]			**149**		-
	Withdrawal from general reserve [Refer Note 29 (III) (b) & (a)]			**(149)**		(329)
VII	**Profit before tax (V-VI)**			**621**		201
VIII	**Tax expense:**					
	(1) Current tax (Previous year ₹ 17 00 000)		**78**		-	
	(2) Taxation for earlier years (₹ 7 89 499)		**-**		5	
	(3) Deferred Tax		**24**		(33)	
				102		(28)
IX	**Profit after tax (VII-VIII)**			**519**		229
X	**Earning per equity share face value of ₹ 10 each fully paid up**	40				
	Basic (₹)			**21.14**		9.33
	Diluted (₹)			**21.14**		9.33

See accompanying notes to the financial statements 1 - 48

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**

Directors **Rajendra P. Chitale**, **C. P. Jain**, **Dr. Bidhubhusan Samal**, **V. N. Kaul**

President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Cash flow Statement for the year ended March 31, 2012

(₹ in crore)

	2011-12		2010-11	
A. Cash flows from operating activities				
Profit before tax		**621**		201
Adjusted for				
Depreciation & amortisation	**26**		14	
Bad debts recovered	**(53)**		(37)	
Provision for NPA, doubtful debts and balances written off	**101**		183	
Provision and loss on repossessed stocks	**3**		4	
Provision for diminution in the value of investments / written off	**136**		18	
Provision for gratuity /leave encashment (Previous year ₹ 47 00 000)	**(1)**		-	
Excess provision / credit balance written back	**(4)**		(29)	
(Profit) / Loss on sale of fixed assets (₹ 19 61 037)	**(-)**		(11)	
Amortisation of DSA commission	**33**		31	
(Profit) / Loss share in partnership firm	**(30)**		(40)	
Investments:				
Interest income	**(534)**		(601)	
Dividend income	**(156)**		(5)	
(Profit) / Loss on sale of investments (Net)	**(717)**		(62)	
Brokerage on borrowings	**27**		17	
Discount on commercial papers	**398**		387	
Interest expenses	**1 640**	**869**	853	722
		1 490		923
Operating profit before working capital changes				
Adjusted for				
Proceeds from / (repayment of) short term borrowings (Net)	**(1 935)**		(1 502)	
Proceeds from long term borrowings	**4 146**		8 574	
Repayment of long term borrowings	**(2 832)**		(1 642)	
Deferred expenses	**(126)**		(44)	
Trade receivables & loans and advances	**(1 383)**		(3 784)	
Trade payables and liabilities	**(228)**	**(2 358)**	(282)	1 320
Cash generated from operations		**(868)**		2 243
Interest paid	**(1 572)**		(786)	
Taxes paid	**-**	**(1 572)**	(12)	(798)
Net cash from / (used in) operating activities		**(2 440)**		1 445

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Cash flow Statement for the year ended March 31, 2012

(₹ in crore)

	2011-12		2010-11	
B. Cash flows from investing activities				
Purchase of fixed assets		**(110)**		(44)
Sale of fixed assets		**2**		47
Investments in subsidiaries		**(479)**		(442)
Proceeds from sale of subsidiaries		**30**		10
Contribution towards partnership firm (Net)		**(-)**		(180)
Purchase of long term investments		**(3 454)**		(3 397)
Proceeds from sale of long term investments		**5 400**		2,693
Proceeds from sale of /(investments in) current investments (Net)		**301**		574
Interest received		**183**		147
Dividend received		**155**		5
Net cash from / (used in) investing activities		**2 028**		(587)
C. Cash flows from financing activities				
Dividend paid		**(160)**		(185)
Net cash from / (used in) financing activities		**(160)**		(185)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		**(572)**		673
Opening balance of cash and cash equivalents	**900**		226	
Add: On amalgamation (Refer Note b & c given below) (₹ 5 582)	**-**	**900**	1	227
Closing balance of cash and cash equivalents		**328**		900

Notes:

a) The previous year's figures have been regrouped and reclassified wherever necessary.

b) Assets and liabilities pertaining to the Viscount Management Services (Alpha) Ltd. transferred pursuant to the Scheme of Amalgamation with the Company with effect from October 1, 2011 i.e., the Appointed Date, have not been considered for the current years cash flow statement.

c) Assets and liabilities pertaining to the Reliance Commercial Finance Private Ltd. (RCFPL) was transferred pursuant to the Scheme of Amalgamation to the Company with effect from April 1, 2010, have not been considered for the previous years cash flow statement.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**

Directors **Rajendra P. Chitale**, **C. P. Jain**, **Dr. Bidhubhusan Samal**, **V. N. Kaul**

President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Notes to Financial Statements as at March 31, 2012

1 Background

Reliance Capital Limited ('the Company') is registered as a Non-Banking Financial Company ('NBFC') as defined under Section 45-IA of the Reserve Bank of India Act, 1934. The Company is principally engaged in lending and investing activities.

2 Significant Accounting Policies

a Basis of Preparation of Financial Statements

The accompanying financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting unless otherwise stated and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable.

The Company complies in all material respects, with the prudential norms relating to income recognition, asset classification and provisioning for bad and doubtful debts and other matters, specified in the directions issued by the Reserve Bank of India in terms of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, as applicable to it.

b Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

c Revenue Recognition

i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of non performing assets ("NPAs") where it is recognised, upon realisation.

ii) Dividend income:

Dividend income is recognised when the right to receive payment is established.

iii) Income from investments:

Profit earned from sale of securities is recognised on trade date basis. The cost of securities is computed based on weighted average basis.

iv) Lease rental income:

Lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

v) Discount on investments:

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument on straight-line basis.

vi) Redemption premium on investments in preference shares:

Redemption premium on investments in preference shares is recognised as income over the tenor of the investments.

vii) Share of profits or losses in partnership firm:

Share of profits / losses in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.

viii) Loan processing fee income:

Loan processing fee income is recognised as and when it becomes due.

ix) Management fee income:

Management fee income towards support services is accounted as and when it becomes due on contractual terms with the parties.

x) Income from assignment / securitisation:

a) In case of assignment of loans, the assets are de-recognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans. On de-recognition, the difference between book value of the loans assigned and consideration received, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment.

b) In case of securitisation of loans, the transferred loans are de-recognised and gains/losses are accounted for only if the company surrenders the rights to benefits specified in the underlying securitised loan contract. In accordance with the Reserve Bank of India guidelines for securitisation of standard assets ,the Company recognises any loss arising from

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securitisation immediately at the time of sale and premium arising from securitisation is amortised over the life of securities issued or to be issued by the special purpose vehicle to which the assets are sold. Income on retained interest in securitised assets is booked on accrual basis.

d Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation and impairment loss if any. Cost includes all expenses incidental to the acquisition of the fixed assets.

e Leased assets

All assets given on operating lease are shown as fixed assets net of depreciation and impairment loss if any.

Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

f Intangible assets

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation.

g Depreciation / Amortisation

i) Leased assets: Depreciated on straight-line method over the useful life of assets. The estimated useful lives of the assets for the different types of assets are :

 a) Plant & equipments – 8 years

 b) Computers – 5 years

 c) Vehicle for personal use – 8 years

 d) Vehicle for commercial use - 8 years other than Taxi – 6 years

ii) Own assets: All assets other than lease hold improvements, on Written Down Value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and lease hold improvements are amortised over the primary period of the lease on straight-line basis.

iii) Intangible assets are amortised on straight-line basis over the useful life of the asset up to a maximum of five years commencing from the month in which such asset is first installed.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, till the date of sale.

h Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

i Investments

Investments are classified as long term or current based on intention of the management at the time of purchase.

Current investments are valued, scrip wise at cost or fair value, whichever is lower.

Long-term investments are carried at cost less diminution in value which is other than temporary, determined separately for each individual investment.

j Stock-in-trade

Securities held as stock-in-trade are valued scrip wise at weighted average cost or fair value, whichever is lower.

k Repossessed assets

Assets repossessed against the settlement of loans are carried in the balance sheet at outstanding loan amount or market value whichever is lower. The difference between the outstanding loan amount and the market value is charged to Statement of Profit and Loss in the year of repossession of assets.

l Loan origination/acquisition cost

All direct cost incurred for the loan origination is amortised over the average tenure of the loan.

m Security of Loans Given

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other Secured loans are secured against the hypothecation of respective assets.

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n Market linked debentures (MLD)

The Company has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debentures.

The Company hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain / loss on these hedge positions are netted against with interest expense on MLD & resultant 'net loss' is recognised in Statement of Profit and Loss immediately, however 'net gain' if any is ignored.

o Discount on commercial papers

The difference between the issue price and the redemption value of commercial papers is apportioned on time basis and recognised as discounting expense.

p Employee benefits

i) Provident fund:

Company's contributions to the recognised provident fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss.

ii) Gratuity:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

iii) Leave encashment:

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

q Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to directors (including whole-time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a straight-line basis.

The fair market price is the latest closing price, immediately prior to the date of the Board / Committee meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

r Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

s Borrowing costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

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t Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

u Earnings per share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share, is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / increase loss per share are included.

v Provisions for Non Performing Assets (NPA) and Doubtful Debts

NPA including loans and advances, receivables are identified as bad/ doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the NBFC prudential norms prescribed by Reserve Bank of India.

w Provisions for Standard Assets

Provisions on Standard Assets are made as per the Reserve Bank of India notification DNBS.PD.CC.No. 207/ 03.02.002 /2010-11 dated January 17, 2011.

x Taxation

i) Current tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

ii) Deferred tax:

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

y Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

3 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to this year's classification. The adoption of the Revised Schedule VI for the previous year's figures does not impact recognition and measurement principles followed for preparation of financial statements.

The figures for current year includes figures of Viscount Management Services (Alpha) Limited (VMSAL) which is amalgamated with the Company with effect from October 1, 2011 i.e. the Appointed Date and therefore to that extent not strictly comparable to that of Previous year's Figures.

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012	As at March 31, 2011
4	**Share Capital**		
	(a) Authorised:		
	30 00 00 000 Equity shares of ₹ 10 each (Previous year 30 00 00 000)	**300**	**300**
	10 00 00 000 Preference shares of ₹ 10 each (Previous year 10 00 00 000)	**100**	**100**
		400	**400**
	(b) Issued & Subscribed		
	24 69 77 006 Equity shares of ₹ 10 each fully paid up (Previous year 24 69 77 006)	**247**	247
		247	247
	(c) Paid Up		
	24 56 32 800 Equity shares of ₹ 10 each fully paid up (Previous year 24 56 32 800)	**245**	245
	Add: Forfeited shares		
	13 44 206 Equity shares of ₹ 10 each (Previous year 13 44 206)	**1**	1
		246	246

(d) Equity shares held by holding company and subsidiaries of holding company:

Name of the holder	As at March 31, 2012		As at March 31, 2011	
	%	Qty.	%	Qty.
Reliance Innoventures Private Limited (Holding company)	**0.23**	**5 76 450**	0.23	5 76 450
AAA Enterprises Private Limited (Subsidiary of holding company)	**40.07**	**9 84 14 206**	40.07	9 84 14 206
AAA Infrastructure Consulting & Engineers Private Limited (Subsidiary of holding company)	**11.39**	**2 79 75 633**	11.39	2 79 75 633

(e) Shares in the Company held by each shareholder holding more than 5 percent:

Name of the holder	As at March 31, 2012		As at March 31, 2011	
	%	Qty.	%	Qty.
AAA Enterprises Private Limited	**40.07**	**9 84 14 206**	40.07	9 84 14 206
AAA Infrastructure Consulting & Engineers Private Limited	**11.39**	**2 79 75 633**	11.39	2 79 75 633

(f) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.

For the year ended March 31, 2012, the amount of per share dividend recognised as distributable to equity shareholders is ₹ 7.50 (March 31, 2011 ₹ 6.50). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(g) Out of the above Equity shares 10,66,555 shares were allotted as fully paid-up pursuant to the Scheme of Amalgamation without payment being received in cash in the last five years.

(h) Reconciliation of numbers of shares outstanding

	No of Shares	Amount (₹ in crore)	No of Shares	Amount (₹ in crore)
Equity shares				
Opening balance	**24 56 32 800**	**245**	24 56 32 800	245
Movement during the year	**-**	**-**	-	-
Closing balance	**24 56 32 800**	**245**	24 56 32 800	245

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012		As at March 31, 2011	
5.	**Reserves and surplus**				
	Capital reserve				
	As per last balance sheet		**6**		6
	Capital redemption reserve				
	As per last balance sheet		**10**		10
	Securities premium account				
	As per last balance sheet		**3 291**		3 291
	General reserve #				
	As per last balance sheet	**574**		551	
	Add: Amount transferred from surplus in statement of profit and loss	**1 052**		23	
	Add: Amount transferred as per scheme of amalgamation [Refer Note No. 29 (I) & 29 (III) (a)]	**3 837**		329	
	Less: Amount withdrawn as per scheme of amalgamation [Refer Note No.29 (III) (a) & (b)]	**149**	**5 314**	329	574
	Statutory Reserve fund *				
	As per last balance sheet	**929**		883	
	Add: Amount transferred from surplus in statement of profit and loss	**104**	**1 033**	46	929
	Surplus in statement of profit & loss				
	As per last balance sheet	**1 972**		1 972	
	Add: Amount transferred from statement of profit and loss	**519**		229	
	Less: Proposed dividend [₹ 7.50 (Previous year ₹ 6.50) per equity share]	**184**		159	
	Less: Tax on proposed dividend (Refer Note No. 34)	**7**		2	
	Less: Reversal of tax on proposed dividend for earlier years	**-**		(1)	
	Less: Transfer to statutory reserve fund	**104**		46	
	Less: Transfer to general reserve	**1 052**	**1 144**	23	1 972
			10 798		6 782

* Created pursuant to section 45-IC of Reserve Bank of India act, 1934.

Includes ₹ 3,837 crore (Previous year ₹ 1,04,484) created pursuant to scheme of amalgamation.

6	**Long term borrowings**				
	Non convertible debentures				
	-Secured (Refer Note No. 28)				
	Others	**2 624**		4 135	
	Related party (Refer Note No. 38)	**1**		157	
	-Unsecured				
	Others	**483**		-	
	Related party (Refer Note No. 38)	**25**	**3 133**	-	4 292
	Term loans from banks				
	-Secured (Refer Note No. 28)		**6 935**		6 242
	Inter Corporate Deposits				
	-Unsecured				
	Others	**17**		17	
	Related party (Refer Note No. 38)	**780**	**797**	150	167
			10 865		10 701

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012		As at March 31, 2011	
7	**Other Long-term liabilities**				
	Interest accrued but not due on debentures		**-**		1
			-		1
8	**Long-term provisions**				
	Provision for employee benefits				
	-Leave encashment (Refer Note No. 36)		**3**		4
	Others				
	-Standard Debts		**22**		24
			25		28
9	**Short term borrowings**				
	Loans from banks				
	-Secured				
	Cash credit (Refer Note (a) below)	**165**		120	
	Short term (Refer Note (b) below)	**-**		200	
	-Unsecured				
	Short term	**400**	**565**	300	620
	Inter corporate deposits				
	-Unsecured				
	Related party (Refer Note No. 38)	**-**	**-**	130	130
	Commercial paper (Refer Note (c) below)				
	-Unsecured				
	Others	**2 406**		4 240	
	Related party (Refer Note No. 38)	**482**	**2 888**	-	4 240
			3 453		4 990

Notes:

a. Cash Credits amounting to ₹ 165 crore (Previous year ₹ 120 crore) referred above are secured by pari passu first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's commercial finance division.

b. Short Term Loans amounting to ₹ Nil (Previous year ₹ 200 crore) referred above are secured by way of pari passu first charge on all present and future book debts, outstandings, moneys receivables, bills, claims and loan assets of the Company's commercial finance division.

c. In respect of commercial papers maximum amount outstanding during the year was ₹ 5,465 crore (Previous year ₹ 6,923 crore).

10	**Trade payables**		
	- Due to micro, small & medium enterprises (Refer note below)	**-**	-
	- Due to related party (Refer Note No. 38) [₹16 60 369 (Previous year ₹ 8 01 617)]	**-**	-
	- Due to others	**7**	1
		7	1

Note:

a. There are no Micro and Small Scale Business Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31, 2012		As at March 31, 2011	
11 Other current liabilities				
Current maturities of long-term debt				
Non convertible debentures				
-Secured (Refer Note No. 28)				
Others	**2 985**		1 510	
Related party (Refer Note No. 38)	**157**	**3 142**	-	1 510
Term loans from banks				
-Secured (Refer Note No. 28)		**800**		1 282
Interest accrued but not due on debentures		**301**		233
Income received in advance		**6**		4
Advance from customers		**34**		88
Temporary book overdraft balance of banks		**145**		416
Other payable*		**146**		145
Unclaimed dividend #		**9**		8
Unclaimed fixed deposit # [₹ 5 000 (Previous year ₹ 25 000)]		**-**		-
		4 583		3 686

Notes

*Includes provision for expenses, statutory payments and other payables.

#Does not include any amounts, due and outstanding, to be deposited to the Investor Education and Protection Fund.

12 Short-term provisions				
Provision for employee benefits (Refer Note No. 36)				
-Leave encashment [₹ 31 49 266 (Previous year ₹ 36 21 240)]		**-**		-
-Gratuity [₹ 63 555 (Previous year Nil)]		**-**		-
Others				
-Standard debts		**15**		12
-Proposed dividend		**184**		159
-Tax on proposed dividend		**7**		2
		206		173

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13 Fixed Assets

(₹ in crore)

Description	Gross Block				Depreciation				Net Block	
	As at April 1, 2011	Additions / Adjusments	Deductions / Adjusments	**As at March 31, 2012**	Upto April 1, 2011	For the year	Deductions	**Upto March 31, 2012**	**As at March 31, 2012**	As at March 31, 2011
Tangible Assets										
Lease Assets										
Plants and equipments	16	9	-	**25**	- (xii)	2	-	**2**	**23**	16
Computers	-	14	-	**14**	-	2	-	**2**	**12**	-
Vehicles	22	18	- (x)	**40**	1	5	- (xi)	**6**	**34**	21
Sub - total - A	38	41	- (x)	**79**	1	9	- (xi)	**10**	**69**	37
Previous year	-	38	-	**38**	-	1	-	**1**	**37**	
Own Assets										
Buildings	26	43	1	**68**	14	1	- (vi)	**15**	**53**	12
Computers	32	5	1	**36**	26	4	1	**29**	**7**	6
Furniture and Fixtures	9	-(i)	-(iv)	**9**	6	1	- (vii)	**7**	**2**	3
Vehicles	13	1	-	**14**	8	1	-	**9**	**5**	5
Office equipments	10	-(ii)	-(v)	**10**	5	1	1	**5**	**5**	5
Leasehold improvements	6	-(iii)	-	**6**	4	1	-	**5**	**1**	2
Sub - total - B	96	49	2	**143**	63	9	2	**70**	**73**	33
Previous year	189	5	98	**96**	116	9	62	**63**	**33**	
Total (A+B)	134	90	2	**222**	64	18	2	**80**	**142**	70
Previous year	189	43	98	**134**	116	10	62	**64**	**70**	
Intangible Assets										
Computer software / Licensing cost	23	20	- (viii)	**43**	14	8	- (ix)	**22**	**21**	9
Total	23	20	- (viii)	**43**	14	8	- (ix)	**22**	**21**	9
Previous year	22	1	-	**23**	10	4	-	**14**	**9**	

Notes

1. In respect of intangible assets;
 - It is other than internally generated.
 - Average remaining useful life is as follows
 a) Additions for financial year 2011-12 - 4 years
 b) Additions for financial year 2010-11 - 3 years (Previous year 4 years)
 c) Additions for financial year 2009-10 - 2 years (Previous year 3 years)
 d) Additions for financial year 2008-09 - 1 year (Previous year 2 years)
 e) Additions for financial year 2007-08 - Nil year (Previous year 1 year)
2. During the previous year addition to computer software includes ₹ 42,59,041 and accumulated depreciation thereon ₹ 7,36,522 as per scheme of amalgamation [Refer Note No. 29 (III)]
3. (i) ₹ 28 63 181 (ii) ₹ 42 08 540 (iii) ₹ 8 50 861 (iv) ₹ 41 15 025 (v) ₹ 26 81 591 (vi) ₹ 5 17 044
 (vii) ₹ 39 40 144 (viii) ₹ 21 000 (ix) ₹ 20 484 (x) ₹ 35 54 821 (xi) ₹ 3 16 033 (xii) ₹ 23 36 886

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

		Face Value / Issue Price ₹	Quantity		Value	
			As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
14	**NON-CURRENT INVESTMENTS**					
	Other Investments					
	(A) Investments in Equity Instruments (valued at cost unless stated otherwise)					
	Quoted, fully paid-up					
	A2Z Maintenance & Engineering Services Limited	10	**18 29 265**	18 29 265	**73**	73
	Aurionpro Solutions Limited	10	**13 06 906**	10 19 213	**35**	32
	Action Construction Equipment Limited	2	**30 00 000**	30 00 000	**20**	20
	Anant Raj Industries Limited	2	**25 00 000**	-	**18**	-
	Aptech Limited	10	**66 990**	-	**1**	-
	B.A.G. Films & Media Limited [Nil (Previous year ₹ 39 44 000)]	2	**-**	3 94 400	**-**	-
	Celebrity Fashions Limited [₹ 11 25 465 (Previous year ₹ 14 50 580)]	10	**8 98 750**	11 58 373	**-**	-
	D B Realty Limited	10	**9 47 203**	9 47 203	**43**	43
	DLF Limited	2	**1 50 000**	1 50 000	**6**	6
	EIH Limited	2	**46 54 545**	46 54 545	**47**	47
	EMCO Limited	2	**16 20 000**	16 20 000	**13**	13
	HBL Power Systems Limited	1	**1 43 60 000**	1 43 60 000	**27**	27
	TV18 Broadcast Limited (Formerly IBN 18 Broadcast Limited)	2	**95 00 000**	98 00 000	**122**	126
	Indage Vintners Limited	10	**3 50 000**	3 50 000	**3**	3
	Indiabulls Power Limited	10	**20 00 000**	20 00 000	**9**	9
	Indian Terrain Fashions Limited	10	**3 30 962**	3 30 962	**14**	14
	Inox Leisure Limited	10	**24 00 005**	26 00 005	**31**	34
	Kinetic Engineering Limited	10	**7 15 000**	7 15 000	**13**	13
	Kirloskar Pneumatic Company Limited	10	**1 45 000**	-	**6**	-
	KSK Energy Ventures Limited	10	**14 19 000**	14 19 000	**25**	25
	Mahanagar Telephone Nigam Limited	10	**30 00 000**	30 00 000	**55**	55
	Network-18 Media & Investments Limited	5	**50 55 000**	52 30 000	**157**	163
	Padmalaya Telefilms Limited	10	**5 11 000**	5 11 000	**2**	2
	Pratibha Industries Limited	2	**14 50 000**	10 00 000	**9**	8
	Reliance Communications Limited*	5	**3 10 95 295**	84 20 295	**307**	95
	Reliance Industrial Infrastructure Limited	10	**1 60 100**	1 60 100	**1**	1
	Reliance MediaWorks Limited	5	**85 29 366**	81 05 000	**217**	213
	Reliance Broadcast Network Limited	5	**62 58 864**	50 70 000	**35**	28
	Reliance Power Limited	10	**41 17 823**	41 17 823	**3**	3
	TV Today Networks Limited	5	**81 00 000**	81 00 000	**102**	102
	Unitech Limited	2	**10 00 000**	10 00 000	**11**	11
	Ventura Textiles Limited	10	**12 87 500**	12 87 500	**6**	6
					1 411	1 172
	Less: Provision for diminution in value of investments				**146**	32
					1 265	1 140
	Unquoted, full paid-up					
	All Green Energy India Private Limited [₹ 4 230 (Previous year ₹ 4 230)]	10	**10**	10	**-**	-
	Axsys Health Tech Limited	10	**-**	13 25 000	**-**	8
	BSE Limited	1	**1 30 000**	1 30 000	**2**	2
	Gradatim I.T. Ventures (India) Private Limited [₹ 2 611 (Previous year ₹ 2 611)]	10	**64**	64	**-**	-
	Gini & Jony Ltd.	10	**-**	17 51 685	**-**	9
	Global Wind Power Limited	10	**21 60 000**	21 60 000	**24**	24
	GTFS Multi Services Limited	10	**25 00 000**	25 00 000	**75**	75
	Himland Buildcon Private Limited	1	**-**	8 500	**-**	43
	KGS Developers Limited	10	**47 28 081**	47 28 081	**75**	75
	KLT Automotive & Tubular Products Limited	10	**5 25 000**	5 25 000	**11**	11
	Menon And Menon Limited (Refer note 4 below)	10	**7 80 000**	3 90 000	**6**	6
	National Multi - Commodity Exchange of India Limited	10	**16 66 667**	16 66 667	**11**	11

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
One 97 Communications Limited	10	**3 84 616**	3 84 616	**10**	10
Phi Management Solutions Private Limited [Nil (Previous year ₹ 40 00 000)]	10	**-**	4 00 000	**-**	-
Real Image Media Technologies Private Limited [Nil (Previous year ₹ 7 900)]	10	**-**	790	**-**	-
Reliance Life Insurance Company Limited (Refer note 5 below)	10	**-**	18 61 15 200	**-**	469
Reverse Logistics Company Private Limited	10	**16 542**	16 542	**5**	5
Reliance Net Limited	10	**5 26 497**	5 26 497	**1**	1
Roseland Buildtech Private Limited	10	**-**	84 38 430	**-**	148
Reliance Tech Services Private Limited [₹ 10 000 (Previous year ₹ 10 000)]	10	**1 000**	1 000	**-**	-
Southern Wind Farms Limited	10	**-**	22 18 720	**-**	8
Tessolve Services Private Limited [₹ 6 600 (Previous year ₹ 6 600)]	10	**100**	100	**-**	-
Unilazer Media Limited	10	**17 77 191**	17 77 191	**37**	37
Victory Transformers and Swithchgears Limited	100	**1 15 041**	1 15 041	**62**	62
Viscount Management Services (Alpha) Limited [Nil (Previous year ₹ 1 80 000)]	10	**-**	18 000	**-**	-
Viscount Management Services Limited (Refer Note No. 8 below) (Previous year ₹ 1 08 000)]	10	**40 800**	10 800	**343**	-
Wellspring Healthcare Private Limited [₹ 17 768 (Previous year ₹ Nil)]	10	**10**	-	**-**	-
				662	1 004
Less: Provision for diminution in value of investments				**13**	8
				649	996
Subsidiary Companies*					
Unquoted, fully paid-up					
Quant Capital Private Limited	10	**74 01 423**	74 01 423	**200**	200
Reliance Alternative Investments Services Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	**10 000**	10 000	**-**	-
Reliance Capital Asset Management Limited	10	**1 00 00 000**	1 00 00 000	**10**	10
Reliance Infrastructure Finance Private Limited	10	**-**	52 50 000	**-**	5
Reliance Money Precious Metals Private Limited (Formerly Reliance Capital Research Private Limited) [₹ 3 00 000 (Previous year ₹ 3 00 000)]	10	**30 000**	30 000	**-**	-
Reliance Capital Trustee Co. Limited [₹ 5 07 000 (Previous year ₹ 5 07 000)]	10	**50 700**	50 700	**-**	-
Reliance Capital (Singapore) Pte. Limited	**$1**	**20 00 001**	20 00 001	**9**	9
Reliance Commodities Limited	10	**30 00 000**	30 00 000	**3**	3
Reliance Equity Advisors (India) Limited [₹ 5 00 000 (Previous year ₹ 5 00 000)]	10	**50 000**	50 000	**-**	-
Reliance Equities International Private Limited	10	**1 50 00 000**	1 50 00 000	**80**	80
Reliance Exchangenext Limited	10	**69 10 000**	69 10 000	**69**	69
Reliance Financial Limited	10	**1 10 00 000**	1 10 00 000	**11**	11
Reliance General Insurance Company Limited	10	**11 68 98 656**	11 23 78 248	**1 562**	1 119
Reliance Gilts Limited	10	**70 00 700**	70 00 700	**7**	7
Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	10	**3 00 00 000**	3 00 00 000	**30**	30
Reliance Investment Banking Services Limited	10	**70 00 000**	30 00 000	**7**	3
Reliance Money Express Limited	10	**1 38 13 140**	1 38 13 140	**25**	25
Reliance Securities Limited	10	**2 49 00 000**	2 49 00 000	**25**	25
Reliance Venture Asset Management Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	**10 000**	10 000	**-**	-
Reliance Wealth Management Limited	10	**1 15 00 000**	45 00 000	**12**	5

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
				2 050	1 601
Less: Provision for diminution in value of investments				**40**	29
				2 010	1 572
Associate Companies*					
Unquoted, fully paid-up					
Ammolite Holdings Limited [₹ 45 332 (Previous year ₹ 45 332)]	$1	**1 000**	1 000	**-**	-
Reliance Land Private Limited	10	**50 00 000**	50 00 000	**5**	5
Reliance Life Insurance Company Limited (Refer Note No. 8 below)	10	**46 38 95 295**	-	**3 717**	-
Reliance Share & Stock Brokers Private Limited	10	**50 00 000**	50 00 000	**5**	5
Reliance Asset Reconstruction Company Limited	10	**4 90 00 000**	4 90 00 000	**49**	49
				3 776	59
Sub-Total (A)				**7 700**	3 768
(B) Investments in preference shares (valued at cost unless stated otherwise)					
Quoted, fully paid-up					
5% Non Convertible Cumulative Preference Shares of Network18 Media & Investments Ltd.	150	**6 75 343**	6 75 343	**10**	10
				10	10
Less: Provision for diminution in value of investments [Nil (Previous year ₹ 32 44 201)]				**-**	-
				10	10
Unquoted, fully paid-up					
Series A 8% Non Cumulative Convertible Preference Shares of All Green Energy India Private Limited	10	**2 00 140**	2 00 140	**8**	8
0% Optionally Convertible Redeemable Preference Shares of Payone Enterprises Private Limited (Formerly Ashadeep Properties Private Limited)	10	**20 60 000**	-	**206**	-
0.001% Optionally Convertible Cumulative Redeemable Preference Shares of Asmitha Microfin Limited	10	**84 80 000**	-	**8**	-
Fully & Compulsorily Convertible Cumulative Participating Preference Shares of Gradatim I.T. Ventures (India) Private Limited	39	**6 37 191**	6 37 191	**3**	3
9% Non Cumulative Redeemable Preference Shares of India Best Buy Private Limited	10	**20 00 000**	20 00 000	**200**	200
14% Redeemable Non Convertible Non Cumulative Preference Shares of Kinetic Engineering Limited	10	**-**	1 50 00 000	**-**	15
1% Cumulative Redeemable Preference Shares of Phi Management Solutions Private Limited	10	**-**	5 64 000	**-**	56
Series B- Convertible Cumulative Preference Shares of Real Image Media Technologies Private Limited	10	**-**	7 89 941	**-**	7
12% Non Cumulative Convertible Redeemable Preference Shares of Reliance Big Entertainment Private Limited*	1	**1 00 00 000**	1 00 00 000	**1 000**	1 000
8% Non cumulative redeemable Preference Shares of Future N Wealth Distributors Private Limited (formerly Reliance Capital Services Private Limited)	10	**-**	3 68 588	**-**	37
0% Optionally Convertible Redeemable Preference Shares of Reliance CWT India Limited	10	**46 500**	-	**5**	-
0% Optionally Convertible Redeemable Preference Shares of Reliance Mass Media Private Limited	10	**6 500**	-	**1**	-

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
0% Optionally Convertible Redeemable Preference Shares of Emerging Money Mall Limited	1	**60 00 000**	60 00 000	**600**	600
0% Optionally Convertible Redeemable Preference Shares of Reliance Net Limited	**10**	**40 35 684**	47 50 000	**475**	475
Scalable Display Technologies, Inc. Series A-1 Preferred Stock	**$0.0010**	**1 50 846**	-	**2**	-
0.001% Optionally Convertible Cumulative Redeemable Preference Shares of Share Microfin Limited	**10**	**1 19 40 000**	-	**12**	-
Series A Preference Shares of Suvidha Infoserve Private Limited	**1**	**72 37 980**	72 37 980	**11**	11
Series B Preference Shares of Suvidha Infoserve Private Limited	**3**	**3 69 709**	3 69 709	**1**	1
Compulsory Convertible Preference shares of Tessolve Services Private Limited	**10**	**16 13 537**	16 13 537	**11**	11
0% Optionally Convertible Redeemable Preference Shares of Viscount Management Services Limited	**1**	**5 10 68 177**	4 95 85 877	**510**	496
0% Optionally Convertible Redeemable Preference Shares of Viscount Management Services (Alpha) Limited	**1**	**-**	6 66 43 130	**-**	666
Series A Preference Shares of Yatra Online Inc.	**$0.0001**	**42 00 042**	42 00 042	**6**	6
Series B Preference Shares of Yatra Online Inc.	**$0.0001**	**27 31 960**	27 31 960	**16**	16
Series C Preference Shares of Yatra Online Inc.	**$0.0001**	**11 44 946**	11 44 946	**16**	16
Wellspirng Healthcare Private Limited	**10**	**18 562**	-	**3**	-
				3 094	3 624
Less : Provision for diminution in value of investments				**5**	3
				3 089	3 621
Subsidiary Companies*					
Unquoted, fully paid-up					
9% Non Cumulative Non Convertible Redeemable Preference Shares of Quant Broking Private Limited [₹ 1 00 000 (Previous year ₹ 1 00 000)]	10	**10 000**	10 000	**-**	-
10% Cumulative Redeemable Preference Shares of Reliance Securities Limited	10	**12 50 00 000**	15 00 00 000	**125**	150
0% Optionally Convertible Redeemable Preference Shares of Reliance Money Express Limited	10	**1 50 00 000**	1 50 00 000	**15**	15
0% Optionally Convertible Redeemable Preference Shares of Reliance Home Finance Limited (Formerly 8% Compulsory Convertible Preference Shares of Reliance Home Finance Private Limited)	10	**29 10 000**	26 60 000	**291**	266
				431	431
Associate Companies*					
Unquoted, fully paid-up					
0% Optionally Convertible Redeemable Preference Shares of Reliance Land Private Limited	10	**1 41 25 000**	1 35 00 000	**481**	356
0% Optionally Convertible Redeemable Preference Shares of Reliance Share & Stock Brokers Private Limited	100	**4 00 000**	4 00 000	**4**	4
0% Optionally Convertible Redeemable Preference Shares of Reliance Share & Stock Brokers Private Limited	10	**7 65 000**	7 65 000	**77**	77
				562	437
Sub-Total (B)				**4 092**	4 499

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
(C) Investments in Government or Trust Securities (valued at cost unless stated otherwise) Unquoted					
National Saving Certificates [₹ 45 000 (Previous year ₹ 45 000)] (Deposited with sales tax department)	-	**-**	-	**-**	-
Sub-Total (C)				**-**	-
(D) Investments in debentures or bonds (valued at cost unless stated otherwise) Associate Companies* Unquoted, fully paid-up					
Series DDB I - Non Secured Redeemable Non Interest Bearing Non Convertible Deep Discount Bonds - Ammolite Holdings Limited	$961.00	**7 524**	7 524	**29**	29
				29	29
Others Unquoted , fully paid-up					
0% NCD L&T Infrastructure Finance Co. Limited October 31, 2016	10 00 000	**107**	-	**11**	-
16% Kumar Urban Development Limited August 1, 2012	1 33 160	**-**	231	**-**	7
16% L&T Arun Excello PrivateLimited Secured NCD March 29, 2013	1 00 000	**-**	1 650	**-**	8
12% India Infoline Finance Limited NCD February 27, 2019	10 00 000	**250**	-	**25**	-
12% Business Broadcast News Limited (Formerly UTV News Limited) 10 years	1 00 000	**60 000**	60 000	**60**	60
11% Secured Optionally Fully Convertible Redeemable Debentures Series A - Ventura Textiles Limited	50 00 000	**20**	20	**11**	11
12% Vensat Tech Services Private Limited NCD - December 31, 2013	100	**5 00 000**	-	**5**	-
12% Optionally fully Convertible Debentures Series B - Ventura Textiles Limited	50 00 000	**22**	22	**11**	11
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services Limited	1 000	**32 25 922**	51 30 000	**322**	513
Zero Coupon Optionally Fully Convertible Unsecured Debentures Viscount Management Services (Alpha) Limited	1 000	**-**	68 40 000	**-**	684
9.90% Yes Bank Limited Bonds M - 28 Mar 2022	10 00 000	**500**	-	**50**	-
				495	1 294
Less: Provision for diminution in value of investments				**13**	9
				482	1 285
Sub-Total (D)				**511**	1 314
(E) Investments in Partnership Firm* (valued at cost unless stated otherwise)					
Reliance Capital Partners				**693**	663
Sub-Total (E)				**693**	663
(F) Other non-current investments (valued at cost unless stated otherwise) Investment in units of Seed/Equity Fund- unquoted , fully paid-up					
The India Seed Investment Trust	1 00 000	**500**	500	**3**	3
				3	3

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	Face Value / Issue Price ₹	Quantity		Value	
		As at March 31, 2012	As at March 31, 2011	**As at March 31, 2012**	As at March 31, 2011
Investment in units of fund - unquoted, partly paid-up					
Class A units of Reliance Alternative Investments Fund [Partly paid ₹ 6.55 (Previous year ₹ 2.60 per unit)]	10	20 00 00 000	20 00 00 000	**131**	52
				131	52
Warrants - unquoted , partly paid-up					
Aurionpro Solutions Limited	42.50	-	5 00 000	**-**	2
Kinetic Engineering Limited	154.44	-	6 00 000	**-**	9
Southern Wind Farms Limited [Nil (Previous year ₹ 46 00 000)]	0.10	**-**	5 50 00 000	**-**	-
Textrade International Limited (Refer Note 6 below)	-	**60 985**	60 985	**-**	-
				-	11
Less: Provision for diminution in value of investments				**-**	11
				-	-
Investment in joint venture					
KGS Developers Ltd. (Refer Note No. 7 below)				**85**	85
				85	85
Pass Through Certificates & Security Receipts					
IDBI Trusteeship Services Limited	-	**2**	1	**10**	41
ARCIL SPCI Trust Security Receipt	1 000	**-**	5 91 375	**-**	15
				10	56
Sub-Total (F)				**229**	196
TOTAL NON CURRENT INVESTMENTS (A+B+C+D+E+F)				**13 225**	10 439

* Related Party

Notes:

	As at March 31,2012		As at March 31, 2011	
	Book Value	**Market Value**	Book Value	Market Value
1. Aggregate value of Investments				
Quoted Investments	**1 275**	**705**	1 150	772
Unquoted Investments	**11 950**	**-**	9 289	-
	13 225	**705**	10 439	772
2. Aggregate value of Provision for diminution in value of investments				
Quoted Investments	**146**		32	
Unquoted Investments	**71**		60	
	217		92	

3. Investments includes ₹ Nil (Previous year ₹ 372 crore) of shares given as collateral towards margin with brokers.
4. In case of Menon & Menon Limited, the Company received 3,90,000 bonus shares in the ratio of 1:1.
5. In the current year Reliance Life Insurance Company Limited has been reclassified from other investments to investments in associate companies.
6. The Company has been allotted Warrants without paying any consideration at the time of allotment.
7. The Company has entered into a joint venture with KGS Developers Ltd in respect of real estate project development. The Company has invested ₹ 85 crore and is entitled to share the Profit / Loss equally. However assets, liabilities, revenue and expenses related to the project are not included in the financial statements of the Company as it does not meet the definition criteria of a Joint Venture under AS 27 "Financial Reporting of Interests in Joint Ventures"
8. Part of Viscount Management Services Limited and Reliance Life Insurance Company Limited are carried at cost and balance amount are carried at amount transferred under the scheme of amalgamation.
9. During the year ended March 31, 2012 Nippon Life Insurance Company (NLIC) has entered definitive agreement with the Company to acquire 26 per cent equity shareholding in a subsidiary Company Reliance Capital Asset Management Company Limited, subject to necessary regulatory approvals.

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31,2012		As at March 31 ,2011	
15 Deferred tax:				
Deferred tax asset included in the balance sheet comprises the following:				
Deferred tax assets				
Provision for non performing assets/diminution in the value of assets & investments		**54**		53
Accrued Interest / finance on investments		**-**		2
Provision for leave encashment & gratuity		**1**		1
		55		56
Deferred tax liability				
Depreciation on fixed assets		**9**		6
Unamortised expenditure		**43**		23
		52		29
Net Deferred Tax Assets		**3**		27
16 Long-term loans and advances				
(a) Capital advances				
Secured, considered good	**76**		76	
Unsecured, considered good	**198**		34	
Unsecured, considered doubtful	**-**		14	
Less : Provision for doubtful debts	**-**	**274**	14	110
(b) Security deposits				
Unsecured, considered good	**31**		31	
Unsecured, considered doubtful [₹ 23 10 296 (Previous year ₹ 40 05 456)]	**-**		-	
Less : Provision for doubtful debts [₹ 23 10 296 (Previous year ₹ 40 05 456)]	**-**	**31**	-	31
(c) Loans				
Considered doubtful				
-Secured	**188**		96	
-Unsecured	**13**		29	
Less : Provision for non performing assets and doubtful debts	**30**		24	
	171		101	
Considered good				
Related party (Refer Note No. 38)				
-Secured	**50**		-	
-Unsecured	**84**		218	
Officer of the company-unsecured (Refer Note No. 38) [₹ 4 49 751 (Previous year ₹ 4 64 151)]	**-**		-	
Others				
-Secured	**7 148**		6 294	
-Unsecured	**740**		1 473	
	8 022	**8 193**	7 985	8 086
(d) Advances				
Considered doubtful				
-Secured	**23**		13	
-Unsecured	**16**		35	
Less : Provision for non performing assets and doubtful debts	**11**		27	
	28		21	

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31, 2012		As at March 31, 2011	
Considered good (Refer Note below)				
Related party-unsecured (Refer Note No. 38)	**50**		50	
Others				
-Unsecured	**6**		193	
	56		243	
		84		263
(e) Other loans and advances				
-VAT & Service tax credit available	**34**		33	
-Advance income tax & TDS deducted [net of provision ₹ 142 crore (Previous year ₹ 67 crore)]	**97**	**131**	78	111
		8 713		8 601

Note:

Advances includes ₹ 50 crore (Previous year ₹ 227 crore) paid towards share application money.

17 Other non-current assets

(Unsecured, considered good)				
(a) Other bank balances				
- In fixed deposit accounts (Refer note given below)				
More than 12 months				
-Under lien	**117**		256	
-Other	**1**		-	
	118		256	
More than 3 months and less than 12 months -Under lien	**84**	**202**	7	263
(b) Accrued interest/finance income on investments		**677**		913
(c) Unamortised expenditures				
Unamortised DSA commision	**54**		52	
Add : Incurred during the year	**51**		33	
Less : Amortised during the year	**33**		31	
	72		54	
Less : To be amortised during the next year	**27**		32	
	45		22	
Unamortised brokerage on borrowings	**15**		21	
Add : Incurred during the year	**75**		11	
Less : Amortised during the year	**27**		17	
	63		15	
Less : To be amortised during the next year	**18**		8	
	45	**90**	7	29
(d) Repossessed assets	**14**		15	
Less : Provision for repossessed assets	**2**	**12**	3	12
		981		1 217

Note:

(a) In respect of balances with banks in fixed deposit accounts, ₹ 201 crore (Previous year ₹ 263 crore) is kept as credit enhancement towards securitisation / assignment transaction, ₹ 1,00,000 (Previous year ₹ 1,00,000) is kept as deposit with sales tax authority, ₹ 5,00,000 (Previous year ₹ 5,00,000) is kept as deposit with the Pension Fund Regulatory and Development Authority (PFRDA) and ₹ 2,00,000 (Previous year ₹ 2,00,000) is kept as deposit with bank for issuing of Bank Guarantee.

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Notes to Financial Statements as at March 31, 2012

			Face Value / Issue Price ₹	Quantity		Value	
				As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
18	**Current investments**						
	(current portion of long-term investments)						
	Investments in debentures or bonds						
	(valued at cost unless stated otherwise)						
	Unquoted , fully paid-up						
	0% First blue home finance limited August 30, 2012		10 00 000	**100**	-	**11**	-
	16% Kumar urban development limited August 1, 2012		1 33 160	**231**	-	**3**	17
	19% Kumar urban development limited November 1, 2012 [₹ 30 00 000 (Previous year Nil)]		1 00 000	**30**	-	**-**	-
	16% L&T Arun excello private limited Secured NCD March 29, 2013		1 00 000	**-**	1 650	**-**	8
	Zero Coupon convertible unsecured debentures viscount management services limited		1 000	**36 00 000**	11 98 800	**360**	120
	Zero coupon optionally fully convertible unsecured debentures viscount management services (Alpha) limited		1 000	**-**	15 98 400	**-**	160
	Sub-total	**(A)**				**374**	305
	Pass through certificates						
	IDBI trusteeship services limited			**12**	6	**158**	90
	Deutsche investor services private limited			**3**	2	**41**	22
	IL&FS Trust Company Limited			**4**	4	**27**	58
	Sub-total	**(B)**				**226**	170
	Investment in mutual fund -*quoted						
	(valued at cost or fair value whichever is lower)						
	Reliance Mutual Fund - Liquidity Fund-Growth Option		10	**-**	6 95 09 935	**-**	103
	Reliance Mutual Fund-Money Manager Fund-Institutional Option-Growth Plan		1 000	**-**	11 20 737	**-**	150
	Sub-Total	**(C)**				**-**	253
	Total Current investments	**(A+B+C)**				**600**	728

*For Mutual fund net asset value (NAV) is taken as market value.

Notes:

1. Aggregate value of investment (₹ in crore)

	As at March 31,2012		As at March 31 , 2011	
	Book Value	**Market Value**	Book Value	Market Value
Quoted investments	**-**	**-**	253	253
Unquoted investments	**600**	**-**	475	-
	600	**-**	728	253

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012		As at March 31, 2011	
19	**Trade receivables**				
	Unsecured, considered good unless stated otherwise				
	Doubtful debts outstanding for a period exceeding six months from the due date		**16**		12
	Less : Provision for doubtful debts		**15**		12
			1		-
	Other debts		**192**		17
			193		17
20	**Cash & bank balances**				
	(a) Cash & cash equivalents				
	Balances with banks				
	- In current accounts	**328**		824	
	- Fixed deposits (less than 3 months)	**-**		75	
	Cash on hand (₹ 40 99 144)	**-**	**328**	1	900
	(b) Other bank balances				
	- Fixed deposits under lien (less than 3 months)-Refer note below		**99**		-
	- Unclaimed dividend		**9**		8
			436		908

Note:

(a) In respect of balances with banks in fixed deposit accounts, ₹ 99 crore (Previous year ₹ Nil) is kept as credit enhancement towards securitisation / assignment transaction.

21	**Short term loans and advances**				
	Unsecured, considered Good;				
	(a) Loans				
	Considered good				
	Related party-unsecured (Refer Note No. 38)				
	-Secured	**19**		-	
	-Unsecured	**66**		51	
	Others				
	-Secured	**2 897**		2 716	
	-Unsecured	**2 324**	**5 306**	1 454	4 221
	(b) Advances				
	Considered good				
	Related Party-unsecured (Refer Note No. 38)	**9**		8	
	Others				
	-Secured	**45**		21	
	-Unsecured	**34**	**88**	36	65
	(c) Prepaid expenses		**6**		7
			5 400		4 293
22	**Other current assets**				
	(a) Interest accrued on loans		**253**		133
	(b) Accrued interest/finance income on investments		**171**		126
	(c) Unamortised DSA commission		**27**		32
	(d) Unamortised brokerage on borrowings		**18**		8
			469		299

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

	2011-2012		2010-2011	
23 Revenue from operations				
Interest and finance income on:				
-Long term investments	**534**		601	
-Loans	**1 668**		1 046	
-Fixed deposits and others	**18**	**2 220**	20	1 667
Profit on sale of (Net):				
-Long term investments	**654**		16	
-Current investments	**63**	**717**	46	62
Dividends on investments				
-Subsidiary	**150**		-	
-Long term	**6**		5	
-Current [₹ 41 19 522 (Previous year ₹ 48 24 226)]	**-**	**156**	-	5
Premium on loan assignment and securitisation		**4**		-
Profit share in partnership firm (Refer Note No. 32)		**30**		40
Depository participant transaction charges	**5**		9	
Less: Service tax recovered (₹ 43 82 816)	**-**	**5**	1	8
Lease rental income		**17**		2
Processing fees	**42**		41	
Less: Service tax recovered	**4**	**38**	4	37
Bad debts recovered		**53**		37
Other operating income	**31**		22	
Less: Service tax recovered	**3**	**28**	2	20
		3 268		1 878
24 Other income				
Management fee	**30**		33	
Less: Service tax recovered	**3**	**27**	3	30
Credit balance / excess provision written back		**4**		29
Profit on Sale of fixed assets (net) [₹ 19 61 037]		**-**		11
Miscellaneous income		**18**		23
		49		93
25 Employee benefit expenses:				
Salaries and wages		**127**		100
Contribution to provident & other funds		**6**		4
Staff welfare expenses		**8**		6
		141		110

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

		2011-2012	2010-2011
26	**Finance cost**		
	Interest expense		
	-Debentures	**584**	415
	-Bank Loans (Long term & Short term)	**976**	421
	-Bank Loans (Cash credit)	**23**	11
	-Inter corporate deposits	**57**	6
	Other borrowing costs		
	-Discount on commercial papers	**398**	387
	-Ammortised brokerage on borrowings (Refer Note No. 17)	**27**	17
		2 065	1 257
27	**Other expenses**		
	Bank charges	**1**	1
	Rent	**27**	23
	Rates and taxes	**3**	6
	Repairs and maintenance		
	- Buildings (Previous year ₹ 22 54 268)	**1**	-
	- Others	**23**	12
	Electricity	**3**	2
	Insurance (Previous year ₹ 23 35 586)	**1**	-
	Travelling and conveyance	**8**	6
	Postage, telegram and telephones	**6**	6
	Legal & professional fees	**76**	72
	Auditors' remuneration(Refer Note No. 33)	**1**	1
	Sales and marketing expenses	**32**	16
	Employee seminar and training	**2**	1
	Donation	**4**	3
	Directors' sitting fees [₹ 15 80 000 (Previous year ₹ 14 00 000) inclusive of erstwhile Reliance Commercial Finance Private Limited)]	**-**	-
	DSA Commission (Refer Note No. 17)	**33**	31
	Provision for NPA, doubtful debts and balances written off *	**101**	183
	Provision and loss on repossessd stock #	**3**	4
	Provision for diminution in the value investments / written off **	**136**	18
	Miscellaneous expenses	**3**	4
		464	389

Notes:

*	**Breakup of provision for NPA, doubtful debts and bad debts written off**		
	Provision for NPA and doubtful debts	**(20)**	(39)
	Provision for Standard Debts	**1**	13
	Bad debts written off	**120**	209
		101	183
#	**Breakup of provision and loss on repossessed stock**		
	Provision/(reversal) for repossessed stock (₹ 35 50 183)	**(-)**	(3)
	Loss on sale of repossessed stock	**3**	7
		3	4
**	**Breakup of provision for diminution in the value of investments / written off**		
	Provision for diminution in the value of investments	**125**	18
	Investments written off	**11**	-
		136	18

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Notes to Financial Statements as at March 31, 2012

28. Security clause / maturity profiles in respect to Secured Loans from banks/Debentures:

(i) Non convertible debentures (NCDs) are redeemable at par, in one or more installments, on various dates.

(a) NCDs amounting to ₹ 5 crore (Previous year ₹ 225 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the commercial finance division, against security not exceeding ₹ 6 crore (Previous year ₹ 281 crore).

(b) NCDs amounting to ₹ 5,686 crore (Previous year ₹ 5,161 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the Company or as may be decided by the Company, against security not exceeding ₹ 6,111 crore (Previous year ₹ 5,411 crore).

(c) The Company is in the process of creating security on the remaining NCDs amounting to ₹ 75 crore (Previous year ₹ 416 crore).

(d) Maturity profile and Rate of interest of Long term NCDs are as set out below:

(₹ in crore)

Rate of Interest	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2021-22	2023-24	Total
8.25%	290	–	–	–	–	–	–	–	–	**290**
8.40%	–	–	25	–	–	–	–	–	–	**25**
8.75%	25	–	–	–	–	–	–	–	–	**25**
8.90%	213	–	–	–	–	–	–	–	–	**213**
9.50%	–	–	10	–	–	–	–	–	–	**10**
9.60%	–	–	19	–	–	–	–	–	–	**19**
9.75%	–	123	–	–	–	–	–	–	–	**123**
10.00%	–	–	–	10	–	–	–	–	–	**10**
10.20%	5	–	–	–	–	–	–	–	–	**5**
10.25%	–	25		–	–	–	–	–	–	**25**
10.28%	–	–	–	–	–	–	15	–	–	**15**
10.33%	–	–	–	–	25	–	–	–	–	**25**
10.35%	108	89	–	–	–	–	–	–	–	**197**
10.40%	–	–	–	105	–	–	–	–	–	**105**
10.50%	–	99	–	500	–	21	–	25	15	**660**
10.55%	65	–	–	–	–	–	–	–	–	**65**
10.60%	–	–	–	–	–	–	–	83	–	**83**
10.65%	–	10	–	–	–	8	–	–	–	**18**
10.75%	–	19	–	–	–	–	–	367		**386**
11.00%	70	–	–	300	–	–	–	–	–	**370**
11.20%	150	–	–	–	–	–	–	–	–	**150**
11.60%	100	–	–	–	–	–	–	–	–	**100**
11.65%	50	50	–	–	–	–	–	–	–	**100**
12.00%	50	–	–	–	–	–	–	–	–	**50**
MLD	4	33	27	–	–	–	–	–	–	**64**
Total	**1 130**	**448**	**81**	**915**	**25**	**29**	**15**	**475**	**15**	**3 133**

(ii) (a) Term Loans from banks includes ₹ 7,735 crore (Previous year ₹ 7,524 crore) are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's commercial finance division.

(b) Maturity profile of Long term loans from banks are as set out below : (₹ in crore)

	2013-14	2014-15	2015-16	2016-17	Total
Term Loan from banks	2 561	2 041	1 867	466	**6 935**

(iii) Maturity profile of long term inter corporate deposits are as set out below : (₹ in crore)

Rate of interest	2013-14	2014-15	Total
5.00%	–	3	**3**
5.50%	2	–	**2**
8.00%	–	12	**12**
11.00%	150	130	**280**
11.50%	–	500	**500**
Total	**152**	**645**	**797**

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Notes to Financial Statements as at March 31, 2012

29 Amalgamation

I Scheme of Amalgamation between Company and Viscount Management Services (Alpha) Limited (VMSAL)

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company and Viscount Management Services (Alpha) Limited (VMSAL) has been sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated January 20, 2012. The scheme has become effective on March 12, 2012 on filing with the Registrar of Companies (RoC) with effect from October 1, 2011 i.e. Appointed Date.

VMSAL was incorporated with the main object of business consultancy service. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS-14) on "Accounting for Amalgamation" notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard 14 (AS-14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

(i) Before Scheme becomes effective the entire issued, subscribed and paid up share capital was held by the Company. No shares of the Company have been allotted in lieu or exchange of its holding in VMSAL and share capital of VMSAL stand cancelled.

(ii) On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets aggregating to ₹ 5,839 crore and liabilities aggregating to ₹ 1,385 crore as appearing in the books of VMSAL at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

	₹ in crore
Assets taken over	
Investments	5 839
Cash in Hand (₹ 2 053)	-
Balance with Schedule Bank (₹ 3 529)	-
Taxes Paid (₹ 12 364)	-
Total	**5 839**
Liabilities taken over	
Optionally Convertible Preference Share Capital including premium on redemption of ₹ 204 crore	211
Zero Coupon Optionally Fully Convertible Debenture including premium on redemption of ₹ 321 crore	1 174
Short Term Provision (₹ 27 575)	-
Total	**1 385**
Excess of Assets over liabilities credit to General Reserve	**4 454**

(iii) All Inter-company balances including liabilities on account of debentures and inter- company investments amounting to ₹ 1,385 crore on appointed date stand cancelled. The excess amount of investments amounting to ₹ 679 crore has been debited to general reserve toward inter- company investments cancellation.

(iv) Difference aggregating to ₹ 3,774 crore after recording both above said items being the excess arising on transfer of assets and liabilities has been credited to General Reserve.

(v) Difference in accounting method between the Company and VMSAL amounting to ₹ 62 crore has been credited to General Reserve pursuant to the Scheme.

Had the Scheme not prescribed the above accounting treatments, the difference of ₹ 3,837 crore would have been credited to Capital Reserve instead of General Reserve and General Reserve would have been lower by equivalent amount.

II During the year, Nippon Life Insurance Company (NLIC) has acquired 26 per cent equity shareholding in Reliance Life Insurance Company Limited, in terms of share subscription & share purchase agreement entered into between the Company, Viscount Management Services (Alpha) Limited (VMSAL), Viscount management Services Limited (VMSA), Reliance Life Insurance Company Limited (RLIC) and Nippon Life Insurance Company (NLIC).

III During the previous year, pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of judicature at Bombay vide order dated April 29, 2011, filed with the Registrar of Companies on May 18, 2011, Reliance Commercial Finance Pvt. Ltd., wholly owned subsidiary of the Company, was amalgamated into the Company with effect from April 1, 2010 i.e., the Appointed Date and in accordance with the provisions of the said Scheme:

a) The Company has written off ₹ 329 crore in the Statement of Profit and loss and an equivalent amount is withdrawn from general reserve. The Company has recorded all necessary accounting effects in the previous year, along with the requisite disclosure in the notes to the accounts and created General Reserve amounting to ₹ 1,04,484.

b) During the year, the loss on sale of long term investments amounting to ₹ 149 crore determined as an exceptional item by the Board of Directors of the Company, has been debited in the Statement of Profit and Loss for the year ended

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March 31, 2012. As per the Scheme and legal opinion obtained by the Company an equivalent amount has been withdrawn from General Reserve to adjust the same and credited to the Statement of Profit and Loss, which has been disclosed accordingly and is in compliance with Revised Schedule VI of the Companies Act, 1956. Had such losses not been met from General Reserve, the Company would have reflected a profit before tax of ₹ 472 crore and Profit after tax for the year would have been ₹ 370 crore.

30 Securitisation and assignment

a) The Company sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the Company during the year, as an originator is given below:

(₹ in crore)

		Securitisation	Assignment		
		Outside	Subsidiaries	Outside	Total
Total number of loan assets Securitised / Assigned	(Nos.)	**-**	**96**	**14 494**	**14 590**
		(16 204)	(1 095)	(3 219)	(20 518)
Total book value of loan assets Securitised / Assigned (Net of Provisions, if any)	(₹)	**-**	**49**	**1 078**	**1 127**
		(768)	(513)	(148)	(1 429)
Sale consideration received for the Securitised / Assigned assets	(₹)	**-**	**49**	**1 082**	**1 131**
		(768)	(513)	(148)	(1 429)
Net gain on account of Securitisation / Assigned	(₹)	**-**	**-**	**4**	**4**
		(-)	(-)	(-)	(-)
Outstanding Credit Enhancement (Funded) as at March 31, 2012	(₹)	**174**	**-**	**126**	**300**
		(243)	(-)	(20)	(263)
Outstanding Liquidity Facility	(₹)	**-**	**-**	**-**	**-**
		(-)	(-)	(-)	(-)
Net Outstanding Servicing Liability as at March 31, 2012	(₹)	**25**	**-**	**78**	**103**
		(61)	(-)	(44)	(105)

Note : Figures in bracket indicate previous year figures.

b) The Company invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.

c) During the year, Company has entered into agreements for assignment of receivables amounting to ₹ 733 crore (Previous year ₹ 493 crore). The said receivables are included in loans given.

31 Business Transfer Agreement

In terms of Business Transfer Agreement (BTA) dated April 26, 2010 further amended on January 31, 2011 with its subsidiary company i.e. Reliance Home Finance Limited the Company hold loan assets of ₹ 42 crore (Previous year ₹ 135 crore), and liabilities ₹ Nil (Previous year ₹ 1 crore), related to Reliance Home Finance Limited in a trust capacity as on March 31, 2012 .

32 The Company is a partner in the following firms:

i) Reliance Capital Partners:

a) The firm consists of following partners:

(₹ in crore)

		As at March 31, 2012	As at March 31, 2011
i)	Reliance Capital Limited	**693**	663
ii)	Reliance Land Private Limited (Previous year ₹ 10 42 256)	**5**	-
	Total Capital	**698**	663

b) Profit Sharing Ratio: The profit is distributed between the partners on the basis of the weighted average capital.

c) The profit for the current financial year is ₹ 30 crore (Previous year ₹ 40 crore)

ii) Reliance Capital Infrastructure Partners:

a) The firm consists of following partners:

i) Reliance Capital Limited ii) Reliance Infocomm Infrastructure Private Limited iii Reliance Infraprojects Limited

b) Profit Sharing Ratio: The profit is distributed between the partners on the basis of the weighted average capital.

c) The firm has not commenced operations during the year ended March 31, 2012 and there has been no contribution of capital upto March 31, 2012.

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33 Auditors' remuneration includes:

(₹ in crore)

		2011-12	2010 - 11
i)	Audit fees	**1**	1
ii)	Tax audit fees [₹ 1 00 000 (Previous year ₹ 1 00 000)]	**0**	0
iii)	Reimbursement of out of pocket expenses [₹ 1 00 000 (Previous year ₹ 1 00 000)]	**0**	0
	Total	**1**	1

34 Tax on Proposed dividend

In view of Section 115- O of the Income Tax Act, 1961, the Company has reduced its dividend tax liabilities to that extent dividend received / receivable from its subsidiary company. The Company has received the following dividend from Reliance Capital Asset Management Limited:

(₹ in crore)

	2011-12	2010-11
Date of proposed dividend	**May 9, 2012**	April 27, 2011
Dividend declared	**161**	161
Dividend distribution tax	**26**	26
Date of dividend received	**-**	May 26, 2011
Dividend received (Company's Share)	**-**	150

35 Employee Stock Option Plans

The Company operates two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10, which cover eligible employees of the Company, the Holding Company and its subsidiaries. The vesting of the options is from expiry of one year and ranges till four to five years as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The Company implements and manages the ESOS plan through a trust. Advance of ₹ 130 crore (Previous year ₹ 130 crore) has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous year 16,00,000) Equity Shares for the above purpose till March 31, 2012.

Details of scheme of Employee Stock Option Plans are as under :

	Plan A	Plan B
Date of Grant	February 1, 2010	February 1, 2010
Prices of the Underlying Stock (₹)	790	790
Exercise / Strike Price (₹)	800	800

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

	Plan A	Plan B
Risk Free Interest Rate	7.01%- 7.27%	7.01%- 7.34%
Expected Dividend Yield	0.62%	0.62%
Expected Life (years)	5.5 to 7.0	5.5 to 7.5
Expected Volatility	61.23% to 64.04%	59.56% to 64.04%
Weighted Average Fair Value (₹)	536	546

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

	Plan A	Plan B
	No. of Stock Options	No. of Stock Options
Outstanding at the beginning of the year	3 66 400	3 68 700
Granted	Nil	Nil
Exercised	Nil	Nil
Lapsed / Forfeited	18 500	18 600
Outstanding at the end of the year	3 47 900	3 50 100
Exercisable at end of the year	1 39 160	70 020

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous year ₹ Nil). Had the company adopted fair value method the net results for the year would have been lower by ₹ 9 crore (Previous year ₹ 14 crore) [net of tax saving ₹ 7 crore (Previous year ₹ 14 crore)] and accordingly EPS (both Basic and Diluted) would have been lower by ₹ 0.28 (Previous year ₹ 0.57).

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36 Employee benefits

a) Defined contribution plan

Contribution to defined contribution plans, recognised as expense for the year is as under:

(₹ in crore)

	2011-12	2010-11
Employer's contribution to provident fund	**4**	3
Employer's contribution to superannuation fund [₹ 19 35 628 (Previous year ₹ 22 07 778)]	**-**	-
Employer's contribution to pension scheme	**1**	1
	5	4

b) Defined Benefit plans

The following tables summarise the components of the net employee benefit expenses recognised in the Statement of Profit and Loss, the fund status and amount recognised in the balance sheet for the gratuity benefit plan and leave encashment plan.

(₹ in crore)

Particulars		Gratuity benefit funded		Leave Encashment Benefit Unfunded	
		2011-12	2010 - 11	**2011-12**	2010 - 11
I.	**Table showing change in**				
	Liability at the beginning of the period	**3.24**	2.90	**4.50**	4.03
	Interest cost	**0.28**	0.24	**0.31**	0.27
	Current service cost	**0.82**	0.87	**0.83**	1.04
	Benefit paid	**(0.57)**	(0.17)	**(0.58)**	(0.93)
	Actuarial (gain)/loss on obligations	**0.59**	(0.60)	**(1.43)**	0.09
	Liability at the end of the period	**4.36**	3.24	**3.63**	4.50
II.	**Changes in the fair value of plan assets and the reconciliation thereof:**				
	Fair value of plan assets at the beginning of the period	**3.82**	3.76	**-**	-
	Expected return on plan assets	**0.32**	0.31	**-**	-
	Contributions	**1.03**	-	**0.58**	0.93
	Benefit paid	**(0.57)**	(0.17)	**(0.58)**	(0.93)
	Actuarial gain/(loss) on plan assets	**(0.25)**	(0.09)	**-**	-
	Fair value of plan assets at the end of the period	**4.35**	3.81	**-**	-
	Total actuarial gain/(loss) to be recognised	**(0.84)**	0.52	**1.43**	(0.09)
III.	**Actual return on plan assets**				
	Expected return on plan assets	**0.32**	0.31	**-**	-
	Actuarial gain/(loss) on plan assets	**(0.25)**	(0.09)	**-**	-
	Actual return on plan assets	**0.07**	0.22	**-**	-
IV.	**Amount recognised in the balance sheet**				
	Liability at the end of the period	**4.36**	3.24	**3.63**	4.50
	Fair value of plan assets at the end of the period	**4.35**	3.81	**-**	-
	Difference funded status	**(0.01)**	0.57	**(3.63)**	(4.50)
	Unrecognised actual gain / (loss)	**-**	-	**-**	-
	Amount recognised in the balance sheet (liability)	**(0.01)**	0.57	**(3.63)**	(4.50)

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(₹ in crore)

Particulars		Gratuity benefit funded		Leave Encashment Benefit Unfunded	
		2011-12	2010 - 11	**2011-12**	2010 - 11
V.	**Expenses recognised in the statement of profit and loss**				
	Current service cost	**0.82**	0.87	**0.83**	1.04
	Interest cost	**0.28**	0.24	**0.31**	0.27
	Expected return on plan assets	**(0.32)**	(0.31)	**-**	-
	Net actuarial (gain)/loss to be recognised	**0.84**	(0.52)	**(1.43)**	0.09
	Expense recognised in Statement of Profit and Loss	**1.62**	0.28	**(0.29)**	1.40
VI.	**Amount recognised in the balance sheet**				
	Opening net liability	**(0.58)**	(0.86)	**4.50**	4.03
	Expense as above	**1.62**	0.28	**(0.29)**	1.40
	Employers contribution paid	**(1.03)**	-	**(0.58)**	(0.93)
	Closing net liability/(assets)	**0.01**	(0.58)	**3.63**	4.50
VII	**Assumptions**				
	Discount rate	**8.50%**	8.50%	**8.50%**	7.50%
	Rate of return on plan assets	**8.50%**	8.50%	**0.00%**	0.00%
	Salary escalation rate	**5.00%**	5.00%	**5.00%**	5.00%
VIII	**Experience adjustment**				
	Plan assets	**-**	-	**-**	-
	Defined benefit obligations	**-**	-	**-**	-
	Amount not recognised as an asset (limit in para 59(b))	**-**	-	**-**	-
	Surplus / (Deficit)	**-**	-	**-**	-
	Experience adjustment on plan assets gain/(loss)	**(0.25)**	(0.09)	**-**	-
	Experience adjustment on plan liabilities (gain)/ loss	**0.58**	(0.51)	**-**	-

The above figures are shown in rupees in crore with two decimals to be more representative.

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

General descriptions of significant defined plans:

a) Gratuity plan

Gratuity is payable to all eligible employees of the Company on superannuation, death and permanent disablement, in terms of the provisions of the Payment of Gratuity Act 1972 or as per the Company's Scheme, whichever is more beneficial.

b) Leave plan

Encashment of leave can be availed by the employee for balance in the earned account as on January 1, 2009. All carry forward earned leaves with a maximum limit of 10 days, are available for availment but not for encashment.

37 Segment reporting:

As per paragraph 4 of Accounting Standard (AS) 17, on "Segment Reporting" notified by the Companies (Accounting Standards) Rules 2006, where a single financial report contains both consolidated financial statements and the separate financial statements of the holding company, segment reporting needs to be presented only on the basis of consolidated financial statements. In view of this, segment information has been presented at Note No. 38 of the consolidated financial statements.

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Notes to Financial Statements as at March 31, 2012

38 Related party disclosures:

A. List of Related Parties and their relationship:

i) **Holding Company**

Reliance Innoventures Private Limited

ii) **Subsidiary of Holding Company**

AAA Enterprises Private Limited

iii) **Individual Promoter**

Shri Anil D. Ambani, the person having control during the year

iv) **Subsidiaries**

Reliance Capital Asset Management Limited
Reliance Capital Pension Fund Limited
Reliance Asset Management (Malaysia) SDN BHD
Reliance Asset Management (Mauritius) Limited
Reliance Asset Management (Singapore) Pte. Limited
Reliance Capital Asset Management (UK) Plc
Reliance Capital (Singapore) Pte Limited
Reliance Money Precious Metals Private Limited
(Formerly Reliance Capital Research Private Limited)
Reliance Capital Trustee Co. Limited
Reliance Commodities Limited
Reliance Equities International Private Limited
Reliance Equity Advisors (India) Limited
Reliance Consultants (Mauritius) Limited
Reliance Exchangenext Limited
Reliance Spot Exchange Infrastructure Limited
Reliance Financial Limited
Reliance General Insurance Company Limited
Reliance Gilts Limited
Reliance Money Express Limited
Reliance Home Finance Limited
(Formerly Reliance Home Finance Private Limited)
Reliance Infrastructure Finance Private Limited
(ceased with effect from July 22, 2011)
Reliance Investment Banking Services Limited
Reliance Securities Limited
Reliance Composite Insurance Broking Limited
(with effect from October 18, 2011)
Reliance Venture Asset Management Private Limited
Reliance Wealth Management Limited
Reliance Alternative Investments Services Private Limited
Quant Capital Private Limited
QOPPA Trading Private Limited
Quant Broking Private Limited
Quant Capital Advisors Private Limited
Quant Capital Finance and Investments Private Limited
Quant Commodities Private Limited
Quant Commodity Broking Private Limited
Quant Investments Services Private Limited
Quant Securities Private Limited
QCAP Trade Private Limited
(Formerly Valankulam Investments and Trading Private Limited)

v) **Partnership firm**

Reliance Capital Partners
Reliance Capital Infrastructure Partners

vi) **Associates**

Ammolite Holdings Limited
Reliance Asset Reconstruction Company Limited
Reliance Life Insurance Company Limited
(with effect from October 01, 2011)
Indian Commodity Exchange Limited
Reliance Land Private Limited
Reliance Share & Stock Brokers Private Limited

vii) **Fellow subsidiaries**

Big Flicks Private Limited
Reliance Big Entertainment Private Limited
Reliance Communications Limited
Reliance Webstore Limited
Jump Games Private Limited
Reliance Communications Infrastructure Limited
Reliance Infocomm Infrastructure Private Limited
Zapak Digital Entertainment Limited

viii) **Key management personnel**

Shri V. R. Mohan - President & Company Secretary

B. Others related parties with whom transactions have taken place during the year:

i) Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited

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Notes to Financial Statements as at March 31, 2012

C. Transactions during the year with related parties:

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
Debentures					
a) Issued during the year	**-**	**-**	**25**	**-**	**25**
	(80)	(-)	(-)	(-)	(80)
b) Balance as at March 31, 2012	**158**	**-**	**25**	**-**	**183**
	(157)	(-)	(-)	(-)	(157)
c) Accrued interest on debentures as at March 31, 2012 [₹ 28 38 356 (Previous year ₹ 7 23 288)]	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
Loans Taken					
a) Taken during the year	**500**	**-**	**-**	**-**	**500**
	(365)	(-)	(-)	(-)	(365)
b) Returned during the year	**-**	**-**	**-**	**-**	**-**
	(85)	(-)	(-)	(-)	(85)
c) Balance as at March 31, 2012	**780**	**-**	**-**	**-**	**780**
	(280)	(-)	(-)	(-)	(280)
Commercial Paper					
a) Issued during the year	**10**	**-**	**682**	**-**	**692**
	(-)	(-)	(-)	(-)	(-)
b) Repaid during the year	**10**	**-**	**299**	**-**	**309**
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2012	**-**	**-**	**482**	**-**	**482**
	(-)	(-)	(-)	(-)	(-)
Investments					
a) Subscribed during the year	**479**	**-**	**125**	**-**	**604**
	(442)	(-)	(77)	(-)	(519)
b) Redeemed during the year	**25**	**-**	**-**	**-**	**25**
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2012 [Net of Provision ₹ 40 crore (Previous year ₹ 29 crore)]	**2 441**	**1 307**	**4 366**	**-**	**8 114**
	(2 003)	(1 095)	(525)	(-)	(3 623)
Partnership Current Accounts					
a) Contribution / (withdrawal) during the year (Net)	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(180)	(180)
b) Profit / (Loss) of Partnership firm during the year	**-**	**-**	**-**	**30**	**30**
	(-)	(-)	(-)	(40)	(40)
c) Balance as at March 31, 2012	**-**	**-**	**-**	**693**	**693**
	(-)	(-)	(-)	(663)	(663)
Interest / Premium accrued on Investments					
a) Balance as at March 31, 2012	**-**	**290**	**125**	**-**	**415**
	(-)	(170)	(61)	(-)	(231)
Loans Given					
a) Given during the year	**280**	**86**	**19**	**-**	**385**
	(2 350)	(27)	(128)	(-)	(2 505)
b) Returned /Adjusted during the year	**352**	**49**	**150**	**-**	**551**
	(2 430)	(-)	(10)	(-)	(2 440)
c) Balance as at March 31, 2012	**122**	**63**	**34**	**-**	**219**
	(97)	(27)	(146)	(-)	(270)
d) Assignment of Loans	**49**	**-**	**-**	**-**	**49**
	(513)	(-)	(-)	(-)	(513)
e) Re-Assignment of Loans	**703**	**-**	**-**	**-**	**703**
	(493)	(-)	(-)	(-)	(493)

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
Trade Receivable					
a) Balance as at March 31, 2012	**-**	**1**	**-**	**-**	**1**
	(-)	(3)	(-)	(-)	(3)
Advances					
a) Balance as at March 31, 2012	**55**	**-**	**4**	**-**	**59**
(Previous year ₹ 28 08 283)	(58)	(1)	(-)	(-)	(59)
Trade Payable					
a) Balance as at March 31, 2012 [₹ 16 60 369	**-**	**-**	**-**	**-**	**-**
(Previous year ₹ 8 01 617)]	(-)	(-)	(-)	(-)	(-)
Income					
a) Interest & Finance Income	**4**	**127**	**66**	**-**	**197**
(including Premium on Preference Shares)	(11)	(121)	(37)	(-)	(169)
b) Rent	**-**	**-**	**-**	**-**	**-**
	(-)	(1)	(-)	(-)	(1)
c) Dividend Income (₹ 42 10 544)	**150**	**-***	**-**	**-**	**150**
	(-)	(-)	(-)	(-)	(-)
d) Reimbursement of Expenditure (₹ 39 05 151)	**31**	**-**	**6**	**-**	**37**
	(26)	(1)	(2)	(-)	(29)
e) Management Fees (Previous year ₹ 21 82 017)	**18**	**-**	**6**	**-**	**24**
	(23)	(-)	(-)	(-)	(23)
f) Income transferred as per Business Transfer Agreement	**11**	**-**	**-**	**-**	**11**
	(47)	(-)	(-)	(-)	(47)
Expenditure					
a) Finance cost	**66**	**-**	**2**	**-**	**68**
	(5)	(-)	(-)	(-)	(5)
b) Insurance [₹ 24 62 049	**-**	**-**	**-**	**-**	**-**
(Previous year ₹ 3 26 329)]	(-)	(-)	(-)	(-)	(-)
c) Legal & Professional fees	**2**	**-**	-	**-**	**2**
	(2)	(-)	(-)	(-)	(2)
d) Brokerage paid during the year	**6**	**-**	**-**	**-**	**6**
	(3)	(-)	(-)	(-)	(3)
e) Expenses transferred as per Business Transfer Agreement	**9**	**-**	**-**	**-**	**9**
	(33)	(-)	(-)	(-)	(33)
f) Reimbursement of Expenditure	**14**	**-**	**2**	**-**	**16**
	(-)	(-)	(2)	(-)	(2)
Shares given as collateral	**-**	**-**	**-**	**-**	**-**
	(372)	(-)	(-)	(-)	(372)
Contingent Liability					
a) Guarantees to Banks and Financial Institutions	**-**	**-**	**77**	**-**	**77**
on behalf of third parties	(40)	(-)	(80)	(-)	(120)
D The nature and volume of material transactions for the year with above related parties are as follows:					
Debentures					
a) Issued during the year					
i) Reliance Securities Limited	**-**	**-**	**-**	**-**	**-**
	(80)	(-)	(-)	(-)	(80)
ii) Reliance Life Insurance Company Limited	**-**	**-**	**25**	**-**	**25**
	(-)	(-)	(-)	(-)	(-)
b) Balance as at March 31, 2012					
i) Reliance Securities Limited	**81**	**-**	**-**	**-**	**81**
	(80)	(-)	(-)	(-)	(80)
ii) Reliance Life Insurance Company Limited	**-**	**-**	**25**	**-**	**25**
	(-)	(-)	(-)	(-)	(-)

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
iii) Reliance General Insurance Company Limited	**77**	**-**	**-**	**-**	**77**
	(77)	(-)	(-)	(-)	(77)
c) Interest accrued on debentures as at March 31, 2012					
i) Reliance Securities Limited	**-**	**-**	**-**	**-**	**-**
[₹ 4 82 192 (Previous year ₹ 7 23 288)]	(-)	(-)	(-)	(-)	(-)
ii) Reliance Life Insurance Company Limited	**-**	**-**	**-**	**-**	**-**
(₹ 23 56 164)	(-)	(-)	(-)	(-)	(-)
Loans Taken					
a) Taken during the year					
i) Reliance Capital Asset Management Limited	**500**	**-**	**-**	**-**	**500**
	(280)	(-)	(-)	(-)	(280)
ii) Reliance Securities Limited	**-**	**-**	**-**	**-**	**-**
	(85)	(-)	(-)	(-)	(85)
b) Returned during the year					
i) Reliance Securities Limited	**-**	**-**	**-**	**-**	**-**
	(85)	(-)	(-)	(-)	(85)
c) Balance as at March 31, 2012					
i) Reliance Capital Asset Management Limited	**780**	**-**	**-**	**-**	**780**
	(280)	(-)	(-)	(-)	(280)
Commercial Papers					
a) Issued during the year					
i) Reliance Securities Limited	**10**	**-**	**-**	**-**	**10**
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Life Insurance Company Limited	**-**	**-**	**682**	**-**	**682**
	(-)	(-)	(-)	(-)	(-)
b) Repaid during the year					
i) Reliance Securities Limited	**10**	**-**	**-**	**-**	**10**
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Life Insurance Company Limited	**-**	**-**	**299**	**-**	**299**
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2012					
i) Reliance Life Insurance Company Limited	**-**	**-**	**482**	**-**	**482**
	(-)	(-)	(-)	(-)	(-)
Investments					
a) Subscribed / Purchased during the year					
i) Reliance General Insurance Company Limited	**443**	**-**	**-**	**-**	**443**
	(142)	(-)	(-)	(-)	(142)
ii) Reliance Land Private Limited	**-**	**-**	125	**-**	**125**
	(-)	(-)	(-)	(-)	(-)
iii) Quant Capital Private Limited	**-**	**-**	**-**	**-**	**-**
	(200)	(-)	(-)	(-)	(200)
iv) Reliance Exchangenext Limited	**-**	**-**	**-**	**-**	**-**
	(69)	(-)	(-)	(-)	(69)
v) Reliance Share & Stock Brokers Private Limited	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(77)	(-)	(77)
b) Redeemed during the year					
i) Reliance Securities Limited	25	-	-	-	25
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2012					
i) Reliance General Insurance Company Limited	**1 562**	**-**	**-**	**-**	**1 562**
	(1 119)	(-)	(-)	(-)	(1 119)
ii) Reliance Land Private Limited	**-**	**-**	**486**	**-**	**486**
	(-)	(-)	(361)	(-)	(361)

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(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
iii) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**321**	**-**	**-**	**-**	**321**
	(296)	(-)	(-)	(-)	(296)
iv) Reliance Share & Stock Brokers Private Limited	**-**	**-**	**86**	**-**	**86**
	(-)	(-)	(86)	(-)	(86)
v) Reliance Big Entertainment Private Limited	**-**	**1 000**	**-**	**-**	**1 000**
	(-)	(1 000)	(-)	(-)	(1 000)
vi) Reliance Communications Limited	**-**	**307**	**-**	**-**	**307**
	(-)	(95)	(-)	(-)	(95)
vii) Reliance Asset Reconstruction Company Limited	-	-	49	-	49
	(-)	(-)	(49)	(-)	(49)
viii) Ammolite Holdings Limited	**-**	**-**	**29**	**-**	**29**
	(-)	(-)	(29)	(-)	(29)
ix) Reliance Securities Limited	150	-	-	-	150
	(175)	(-)	(-)	(-)	(175)
x) Quant Capital Private Limited	200	-	-	-	200
	(200)	(-)	(-)	(-)	(200)
xi) Reliance Exchangenext Limited	**69**	**-**	**-**	**-**	**69**
	(69)	(-)	(-)	(-)	(69)
xii) Reliance Life Insurance Company Limited	-	-	3 717	-	3 717
	(-)	(-)	(-)	(-)	(-)
Partnership Current Accounts					
a) Contribution /(withdrawal) during the year (Net)					
i) Reliance Capital Partners	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(180)	(180)
b) Profit /(Loss) of Partnership firm during the year					
i) Reliance Capital Partners	**-**	**-**	**-**	**30**	**30**
	(-)	(-)	(-)	(40)	(40)
c) Balance as at March 31, 2012					
i) Reliance Capital Partners	**-**	**-**	**-**	**693**	**693**
	(-)	(-)	(-)	(663)	(663)
Interest / Finance income accrued on investment					
a) Balance as at March 31, 2011					
i) Reliance Land Private Limited	**-**	**-**	**107**	**-**	**107**
	(-)	(-)	(47)	(-)	(47)
ii) Ammolite Holdings Limited	**-**	**-**	**19**	**-**	**19**
	(-)	(-)	(14)	(-)	(14)
iii) Reliance Big Entertainment Private Limited	**-**	**290**	**-**	**-**	**290**
	(-)	(170)	(-)	(-)	(170)
Loans Given					
a) Given during the year					
i) Reliance Land Private Limited	**-**	**-**	**17**	**-**	**17**
	(-)	(-)	(128)	(-)	(128)
ii) Reliance Financial Limited	**50**	**-**	**-**	**-**	**50**
	(1 706)	(-)	(-)	(-)	(1 706)
iii) Quant Broking Private Limited	**-**	**-**	**-**	**-**	**-**
	(301)	(-)	(-)	(-)	(301)
iv) Zapak Digital Entertainment Limited	**-**	**20**	**-**	**-**	**20**
	(-)	(20)	(-)	(-)	(20)

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(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
v) Jump Games Private Limited	**-**	**5**	**-**	**-**	**5**
	(-)	(5)	(-)	(-)	(5)
vi) Reliance Asset Reconstruction Company Limited	**-**	**-**	**3**	**-**	**3**
	(-)	(-)	(-)	(-)	(-)
vii) Reliance Securities Limited	**-**	**-**	**-**	**-**	**-**
	(73)	(-)	(-)	(-)	(73)
viii) Quant Commodities Private Limited	**156**	**-**	**-**	**-**	**156**
	(240)	(-)	(-)	(-)	(240)
ix) Reliance Commodities Limited	**67**	**-**	**-**	**-**	**67**
	(-)	(-)	(-)	(-)	(-)
x) Reliance Big Entertainment Private Limited	**-**	**61**	**-**	**-**	**61**
	(-)	(-)	(-)	(-)	(-)
b) Returned/Adjusted during the year					
i) Reliance Land Private Limited	**-**	**-**	**140**	**-**	**140**
	(-)	(-)	(4)	(-)	(4)
ii) Reliance Financial Limited	**50**	**-**	**-**	**-**	**50**
	(1 706)	(-)	(-)	(-)	(1 706)
iii) Reliance Asset Reconstruction Company Limited	**-**	**-**	**8**	**-**	**8**
	(-)	(-)	(6)	(-)	(6)
iv) Quant Broking Private Limited	**10**	**-**	**-**	**-**	**10**
	(271)	(-)	(-)	(-)	(271)
v) Quant Commodities Private Limited	**156**	**-**	**-**	**-**	**156**
	(240)	(-)	(-)	(-)	(240)
vi) Reliance Capital Asset Management Limited	**-**	**-**	**-**	**-**	**-**
	(75)	(-)	(-)	(-)	(75)
vii) Reliance Securities Limited	**44**	**-**	**-**	**-**	**44**
	(73)	(-)	(-)	(-)	(73)
viii) Reliance Commodities Limited	**67**	**-**	**-**	**-**	**67**
	(-)	(-)	(-)	(-)	(-)
ix) Reliance Big Entertainment Private Limited	**-**	**24**	**-**	**-**	**24**
	(-)	(-)	(-)	(-)	(-)
x) Zapak Digital Entertainment Limited	**-**	**20**	**-**	**-**	**20**
	(-)	(-)	(-)	(-)	(-)
xi) Jump Games Private Limited	**-**	**5**	**-**	**-**	**5**
	(-)	(-)	(-)	(-)	(-)
xii) Reliance Life Insurance Company Limited	**-**	**-**	**2**	**-**	**2**
	(-)	(-)	(-)	(-)	(-)
c) Balance as at March 31, 2012					
i) Reliance Land Private Limited	**-**	**-**	**13**	**-**	**13**
	(-)	(-)	(136)	(-)	(136)
ii) Reliance Equity Advisors (India) Limited	**32**	**-**	**-**	**-**	**32**
	(32)	(-)	(-)	(-)	(32)
iii) Quant Broking Private Limited	**30**	**-**	**-**	**-**	**30**
	(40)	(-)	(-)	(-)	(40)
iv) Quant Capital Finance And Investments Private Limited	**-**	**-**	**-**	**-**	**-**
	(25)	(-)	(-)	(-)	(25)
v) Zapak Digital Entertainment Limited	**-**	**20**	**-**	**-**	**20**
	(-)	(20)	(-)	(-)	(20)
vi) Jump Games Private Limited	**-**	**5**	**-**	**-**	**5**
	(-)	(5)	(-)	(-)	(5)

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(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
vii) Reliance Asset Reconstruction Company Limited	**–**	**–**	**5**	**–**	**5**
	(-)	(-)	(10)	(-)	(10)
viii) Reliance Exchangenext Limited	**7**	**–**	**–**	**–**	**7**
	(-)	(-)	(-)	(-)	(-)
ix) Reliance Big Entertainment Private Limited	**–**	**38**	**–**	**–**	**38**
	(-)	(2)	(-)	(-)	(2)
x) Reliance Securities Limited	**53**	**–**	**–**	**–**	**53**
	(-)	(-)	(-)	(-)	(-)
xi) Reliance Life Insurance Company Limited	**–**	**–**	**16**	**–**	**16**
	(-)	(-)	(-)	(-)	(-)
d) Assignment of Loans					
i) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**49** (513)	**–** (-)	**–** (-)	**–** (-)	**49** (513)
e) Re-Assignment of Loans					
i) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**703** (493)	**–** (-)	**–** (-)	**–** (-)	**703** (493)
Trade Receivables					
i) Reliance Communications Infrastructure Limited	**–**	**1**	**–**	**–**	**1**
	(-)	(3)	(-)	(-)	(3)
Advances					
a) Balance as at March 31, 2012					
i) Reliance Securities Limited	**–**	**–**	**–**	**–**	**–**
	(3)	(-)	(-)	(-)	(3)
ii) Reliance General Insurance Company Limited	**2**	**–**	**–**	**–**	**2**
	(5)	(-)	(-)	(-)	(5)
iii) Quant Capital Private Limited	**50**	**–**	**–**	**–**	**50**
	(50)	(-)	(-)	(-)	(50)
iv) Reliance Asset Reconstruction Company Limited (Previous year ₹ 28 08 283)	**–** (-)	**–** (-)	**–** (-)	**–** (-)	**–** (-)
v) Reliance Communications Infrastructure Limited	**–**	**–**	**–**	**–**	**–**
	(-)	(1)	(-)	(-)	(1)
vi) Reliance Life Insurance Company Limited	**–**	**–**	**4**	**–**	**4**
	(-)	(-)	(-)	(-)	(-)
viii) Reliance Big Entertainment Private Limited (Previous year ₹ 35 26 721)	**–** (-)	**–** (-)	**–** (-)	**–** (-)	**–** (-)
Trade Payable					
a) Trade payables as at March 31, 2012					
i) Reliance Spot Exchange Infrastructure Limited (Previous year ₹ 3 71 787)	**–** (-)	**–** (-)	**–** (-)	**–** (-)	**–** (-)
ii) Big Flicks Private Limited [₹ 4 29 830 (Previous year ₹ 4 29 830)]	**–** (-)	**–** (-)	**–** (-)	**–** (-)	**–** (-)
iii) Reliance Securities Limited (₹ 12 30 539)	**–** (-)	**–** (-)	**–** (-)	**–** (-)	**–** (-)
Income					
a) Interest & Finance Income (including Premium on Preference Shares)					
i) Quant Capital Finance and Investment Private Limited (₹ 17 54 521)	**–** (-)	**–** (-)	**–** (-)	**–** (-)	**–** (-)
ii) Reliance Financial Limited	**–**	**–**	**–**	**–**	**–**
	(4)	(-)	(-)	(-)	(4)
iii) Reliance Land Private Limited	**–**	**–**	**61**	**–**	**61**
	(-)	(-)	(32)	(-)	(32)

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
iv) Ammolite Holdings Limited	**-**	**-**	**5**	**-**	**5**
	(-)	(-)	(5)	(-)	(5)
v) Quant Broking Private Limited	**3**	**-**	**-**	**-**	**3**
	(5)	(-)	(-)	(-)	(5)
vi) Reliance Big Entertainment Private Limited	**-**	**123**	**-**	**-**	**123**
	(-)	(120)	(-)	(-)	(120)
b) Rent					
i) Reliance Communications Infrastructure Limited	**-**	**-**	**-**	**-**	**-**
	(-)	(1)	(-)	(-)	(1)
c) Dividend Income					
i) Reliance Capital Asset Management Limited	**150**	**-**	**-**	**-**	**150**
	(-)	(-)	(-)	(-)	(-)
ii) Reliance Communications Limited (₹ 42 10 544)	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
d) Reimbursement of Expenditure					
i) Reliance General Insurance Company Limited	**6**	**-**	**-**	**-**	**6**
	(5)	(-)	(-)	(-)	(5)
ii) Reliance Communications Infrastructure Limited [₹ 32 15 245)	**-**	**-**	**-**	**-**	**-**
	(-)	(1)	(-)	(-)	(1)
iii) Reliance Asset Reconstruction Company Limited	**-**	**-**	**1**	**-**	**1**
	(-)	(-)	(2)	(-)	(2)
iv) Reliance Capital Asset Management Limited	**2**	**-**	**-**	**-**	**2**
	(1)	(-)	(-)	(-)	(1)
v) Reliance Securities Limited	**2**	**-**	**-**	**-**	**2**
	(1)	(-)	(-)	(-)	(1)
vi) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**21**	**-**	**-**	**-**	**21**
	(19)	(-)	(-)	(-)	(19)
vii) Reliance Land Private Limited (₹ 4 63 890)	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
viii) Reliance Big Entertainment Private Limited [₹ 4 850 (Previous year ₹ 6 00 000)]	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
ix) Reliance Life Insurance Company Limited	**-**	**-**	**5**	**-**	**5**
	(-)	(-)	(-)	(-)	(-)
e) Management Fees					
i) Reliance General Insurance Company Limited	**6**	**-**	**-**	**-**	**6**
	(7)	(-)	(-)	(-)	(7)
ii) Reliance Asset Reconstruction Company Limited (Previous year ₹ 21 82 017)	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
iii) Reliance Capital Asset Management Limited	**6**	**-**	**-**	**-**	**6**
	(7)	(-)	(-)	(-)	(7)
iv) Reliance Securities Limited	**3**	**-**	**-**	**-**	**3**
	(7)	(-)	(-)	(-)	(7)
v) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**3**	**-**	**-**	**-**	**3**
	(3)	(-)	(-)	(-)	(3)
vi) Reliance Life Insurance Company Limited	**-**	**-**	**6**	**-**	**6**
	(-)	(-)	(-)	(-)	(-)
f) Income transferred as per Business Transfer Agreement					
i) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**11**	**-**	**-**	**-**	**11**
	(47)	(-)	(-)	(-)	(47)

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

Particulars	Subsidiaries	Fellow Subsidiaries	Associates	Partnership Firm	Total
Expenditure					
a) Finance cost					
i) Reliance Securities Limited	**9**	**-**	**-**	**-**	**9**
	(3)	(-)	(-)	(-)	(3)
ii) Reliance Capital Asset Management Limited	**57**	**-**	**-**	**-**	**57**
	(2)	(-)	(-)	(-)	(2)
iii) Reliance Life Insurance Company Limited	**-**	**-**	**2**	**-**	**2**
	(-)	(-)	(-)	(-)	(-)
b) Insurance					
i) Reliance General Insurance Company Limited [₹ 24 62 049 (Previous year ₹ 3 26 329)]	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)
c) Professional and Management fees					
i) Reliance Venture Asset Management Private Limited	**2**	**-**	**-**	**-**	**2**
	(2)	(-)	(-)	(-)	(2)
d) Brokerage paid during the year					
i) Reliance Securities Limited	**6**	**-**	**-**	**-**	**6**
	(3)	(-)	(-)	(-)	(3)
e) Expenses transferred as per Business Transfer Agreement					
i) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**9**	**-**	**-**	**-**	**9**
	(33)	(-)	(-)	(-)	(33)
f) Reimbursement of Expenditure					
i) Reliance Land Private Limited	**-**	**-**	**2**	**-**	**2**
	(-)	(-)	(2)	(-)	(2)
ii) Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	**14**	**-**	**-**	**-**	**14**
	(-)	(-)	(-)	(-)	(-)
Shares given as collateral towards					
i) Reliance Securities Limited	**-**	**-**	**-**	**-**	**-**
	(82)	(-)	(-)	(-)	(82)
ii) Quant Broking Private Limited	**-**	**-**	**-**	**-**	**-**
	(290)	(-)	(-)	(-)	(290)
Contingent Liability					
a) Guarantees to Banks and Financial					
i) Reliance Money Express Limited	**-**	**-**	**-**	**-**	**-**
	(40)	(-)	(-)	(-)	(40)
ii) Ammolite Holdings Limited	**-**	**-**	**77**	**-**	**77**
	(-)	(-)	(80)	(-)	(80)

Key Managerial Personnel

a) Shri V. R. Mohan

- Employee benefit expenses ₹ 68 54 397 (Previous year ₹ 42 00 000)
- Loan given balance as at March 31, 2012 ₹ 4 49 751 (Previous year ₹ 4 64 151)

Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited

- Commercial Paper subscribed & redeemed ₹ 224 crore (Previous year Nil)
- Investment balance as at March 31, 2012 ₹ 3 crore

Notes :

i) Figures in bracket indicate previous year figures.

ii) Expenses incurred towards public utilities services such as telephone and electricity charges have not been considered for related party transaction.

iii) The above disclosed transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.

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Notes to Financial Statements as at March 31, 2012

iv) In addition to the above, Commission of ₹ Nil (Previous year ₹ 6 crore) and Director sitting fees of ₹ 1,00,000 (Previous year ₹ 80,000) has been paid to Shri Anil D. Ambani, an individual having control.

v) Investments in Unilazer Media Limited though in excess of 20%, the investment has been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS) 18 on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006 on aforesaid Company, the company does not exercise any "Significant Influence" hence the transactions with these parties as not considered for related party disclosures.

vi) Pursuant to the Scheme of Amalgamation ("the Scheme") between Company and Viscount Management Services (Alpha) Limited (VMSAL) [Refer Note No. 29 (I) (a) (iii)] entire issued, subscribed and paid up share capital of VMSAL was held by the Company and was cancelled. Therefore, for the purpose of above disclosures the same has not been considered.

39 Leases

Details of future minimum lease receivables are as under :

(₹ in crore)

Particulars	2011-12	2010-11
Within one year of the balance sheet date	**21**	10
Due in a period between one year and five years	**50**	29
Due after five years	**-**	1

40 Basic and diluted earnings per share:

The computation of earnings per share is set out below:

(₹ in crore)

Particulars		2011-12	2010-11
a)	Amounts used as the numerators		
	Net Profit after tax	**519**	229
	Net Profit attributable to equity shareholders	**519**	229
b)	Weighted average number of equity	**24 56 32 800**	24 56 32 800
c)	Basic earnings per share of face	**21.14**	9.33
d)	Diluted earnings per share of face	**21.14**	9.33

41 Disclosure of loans / advances and investments in its own shares by the listed companies, in its subsidiaries, associate etc. (as certified by the management) in terms of the Listing Agreement with the Stock Exchanges.

(₹ in crore)

Particulars		Outstanding Balance		Maximum Balance Outstanding	
		March 31, 2012	March 31, 2011	**2011-12**	2010 - 11
i)	Loans and advances in the nature of loans to subsidiaries				
a)	Reliance Gilts Limited	**-**	-	**-**	23
b)	Reliance Equity Advisors (India) Limited	**32**	32	**32**	34
c)	Future N Wealth Distributors Private Limited (Formerly Reliance Capital Services Private Limited)*	**-**	-	**-**	37
d)	Reliance Securities Limited	**53**	-	**97**	73
e)	Reliance Financial Limited	**-**	-	**50**	635
f)	Quant Broking Private Limited	**30**	40	**40**	190
g)	Quant Capital Finance And Investments Private Limited	**-**	25	**25**	25
h)	Net Logistics Private Limited ***	**-**	-	**-**	-
i)	Quant Commodities Private Limited	**-**	-	**100**	90
j)	Reliance Commodities Limited	**-**	-	**50**	-
k)	Medybiz Private Limited ****	**-**	-	**-**	11
l)	Reliance Exchangenext Limited	**7**	-	**7**	-

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

Particulars			Outstanding Balance		Maximum Balance Outstanding	
			March 31, 2012	March 31, 2011	**2011-12**	2010 - 11
ii)	Loans and advances in the nature of loans to associates					
	a)	Reliance Asset Reconstruction Company Limited	**5**	10	**12**	16
	b)	Reliance Land Private Limited	**13**	136	**136**	139
	c)	Reliance Life Insurance Company Limited	**16**	-	**78**	-
iii)	Loans and advances in the nature of loans where there is					
	a)	No repayment schedule or repayment beyond seven years				
		Reliance Land Private Limited	**13**	136	**136**	139
	b)	No interest or interest below Section 372A of the Companies Act, 1956.	Not Applicable pursuant to provision of section 372A (8)(a) (ii) of the Companies Act, 1956.			
iv)	Loans and advances in nature of loans to firms / companies in which directors are interested.		**-**	**-**	**-**	**-**

v) Investments by loanee in the shares of parent company and subsidiary company, when the Company has made a loan or advance in the nature of loan.

* Future N Wealth Distributors Private Limited (Formerly Reliance Capital Services Private Limited) has ceased to be subsidiary w.e.f July 31, 2010, hence Nil outstanding reported above. The Company has charged interest on outstanding amount from August 1, 2010 and the outstanding as on March 31, 2011 is ₹ 8 crore.

***Net Logistics Private Limited has ceased to be a subsidiary from December 20, 2010 hence Nil outstanding reported above and the outstanding as on March 31, 2011 is ₹ 0.10 crore.

****Medybiz Private Limited has ceased to be a subsidiary from March 24, 2011, hence Nil outstanding reported above.

42 Disclosure of details as required by Para 13 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in crore)

Particulars			Amount Outstanding		Amount Overdue	
			March 31, 2012	March 31, 2011	**March 31, 2012**	March 31, 2011
1)	Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid					
	a)	Debentures :				
		(Other than falling within the meaning of public deposits)				
		i) Secured [inclusive of ₹ 275 crore (Previous year ₹ 234 crore) interest accrued thereon]	**6 041**	6 036	**-**	-
		ii) Unsecured [inclusive of ₹ 26 crore (Previous year ₹ Nil) interest accrued thereon]	**534**	-	**-**	-
	b)	Deferred credits	**-**	-	**-**	-
	c)	Term loans				
		i) Secured	**7 735**	7 724	**-**	-
		ii) Unsecured	**400**	300	**-**	-
	d)	Inter-corporate loans and borrowing	**797**	297	**-**	-
	e)	Commercial paper	**2 888**	4 240	**-**	-
	f)	Other Loans				
		i) Cash Credit from banks	**165**	120	**-**	-

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Notes to Financial Statements as at March 31, 2012

(₹ in crore)

Particulars		Amount Outstanding	
		March 31,2012	March 31,2011
2)	Break up of loans and advances including bills receivable other than those included in (3) below (Gross Amount) (Refer Note (b) below)		
	a) Secured	**10 370**	9 140
	b) Unsecured	**3 342**	3 548
		13 712	12 688

Note:

a) Housing loans / loans against property and construction finance granted are secured by equitable registered mortgage of property and / or undertaking to create a security and other loans and advances are secured by way of hypothecation and/ or pledging of the underlying asset.

b) In case of loans & advances given in para (2) above, Provision for NPA & Doubtful Debts is ₹ 41 crore (Previous year ₹ 51 crore)

3)	Break up of leased assets and stock on hire and Other assets counting towards AFC activities:		
	Lease assets including lease rentals under sundry debtors:		
	1) Financial lease (net of depreciation and lease adjustment)	**-**	-
	2) Operating lease (net of depreciation)	**69**	37
4)	Break up of investments [(Amount net of provisions of ₹ 217 crore (Previous year ₹ 92 crore)]		
	a) Current investments		
	1) Quoted		
	i) Shares		
	a) Equity (stock-in trade)	**-**	-
	b) Preference	**-**	-
	ii) Units of Mutual fund	**-**	253
	2) Unquoted		
	i) Others		
	Debentures and Bonds	**374**	305
	Pass Through Certificates	**226**	170
	b) Long term investments		
	1) Quoted		
	i) Shares		
	a) Equity	**1 265**	1 140
	b) Preference	**10**	10
	ii) Debentures and bonds	**-**	-
	iii) Government securities	**-**	-
	2) Unquoted		
	i) Shares		
	a) Equity	**6 435**	2 628
	b) Preference	**4 081**	4 488
	ii) Debentures and bonds	**511**	1 314
	iii) Units of Mutual fund	**-**	-
	iv) GOI securities ₹ 45 000 (Previous year ₹ 45 000)	**-**	-
	v) Others		
	a) Warrants (Previous year ₹ 46 00 000)	**-**	-
	b) Pass Through Certificates & Security Receipts	**10**	56
	c) Units of Private Equity/Seed Fund	**134**	55
	d) Reliance Capital Partners	**693**	663
	e) Investments in joint venture	**85**	85
		13 825	11 167

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Notes to Financial Statements as at March 31, 2012

5) Borrower group-wise classification of assets financed as in (2) and (3) above:
[(Amount net of provisions of ₹ 41 crore (Previous year ₹ 51 crore)]

(₹ in crore)

Particulars	Secured		Unsecured		Total	
	March 31, 2012	March 31, 2011	**March 31, 2012**	March 31, 2011	**March 31, 2012**	March 31, 2011
a) Related parties						
1) Subsidiaries	**53**	–	**124**	155	**177**	155
2) Companies in the same group - Associates	**16**	–	**22**	146	**38**	146
3) Other related parties	**-**	–	**63**	27	**63**	27
b) Other than related parties	**10 334**	9 160	**3 128**	3 186	**13 462**	12 346
Total	**10 403**	9 160	**3 337**	3 514	**13 740**	12 674

6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted excluding stock in trade)
[(Amount net of provisions of ₹ 217 crore (Previous year ₹ 92 crore)]

(₹ in crore)

Particulars	Market Value / Fair Value or NAV		Book Value (Net of provisions)	
	March 31, 2012	March 31, 2011	**March 31, 2012**	March 31, 2011
a) Related parties				
1) Subsidiaries	**2 441**	2 003	**2 441**	2 003
2) Companies in the same group - Associate	**4 366**	525	**4 366**	525
3) Other related parties	**1 261**	1 091	**1 307**	1 095
b) Other than related parties	**5 186**	7 171	**5 711**	7 544
Total	**13 254**	10 790	**13 825**	11 167

7) Other information

(₹ in crore)

Particulars	March 31, 2012	March 31, 2011
a) Gross Non Performing Assets		
1) Related Parties	**-**	-
2) Other than Related Parties	**239**	173
b) Net Non Performing Assets		
1) Related Parties	**-**	-
2) Other than Related Parties	**199**	122
c) Assets Acquired in satisfaction of Debt [Net of provision ₹ 2 crore (Previous year ₹ 3 crore)]	**12**	12

Notes :

a) Companies in same group means companies under the same management as per section 370(1B) of the Companies Act, 1956

b) In case of unquoted investments, in the absence of market value book value has been considered.

c) The following have not been considered for the purpose of companies in the same group and other related party:

i) Capital contribution in Partnership Firm and unincorporated Joint venture .

ii) Investment in Unilazer Media Limited though in excess of 20 per cent, the investment has been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS) 18 on "Related Party Disclosures" as per Companies (Accounting Standards) Rules 2006, the Company does not exercise any "Significant Influence" in the said Company.

d) Investments are classified between non-current and current investments (including current portion of long term investments) as required under revised Schedule VI, as per Companies Act, 1956.

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Notes to Financial Statements as at March 31, 2012

43 Disclosure of details as required by para 5 of Reserve Bank of India Circular No RBI 2008-09/116 DNBS (PD).CC. No. 125/03.05.002/2008-09.

I. Capital to Risk Asset Ratio ("CRAR")

Particulars		March 31, 2012	March 31, 2011
i)	CRAR (%)	**20.21**	17.82
ii)	CRAR - Tier I capital (%)	**17.99**	17.67
iii)	CRAR - Tier II capital (%)	**2.22**	0.15

II. Exposure to Real Estate

(₹ in crore)

Category			2011-12	2010-11
a)	Direct Exposure			
	i)	Residential Mortgage		
		Individual Housing Loan upto ₹ 15 lakh	**3**	8
		Individual Housing Loan more than ₹ 15 lakh	**46**	71
	ii)	Commercial Real Estate	**1 286**	679
	iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
		Residential	**-**	-
		Commercial	**-**	-
b)	Indirect Exposure			
		Fund Based and Non Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**321**	296

Note :

(i) For the exposure to real estate only loans secured by way of mortgage/hypothecation of housing properties, commercial properties and land are considered.

(ii) In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

III. Maturity pattern of asset and liabilities (At Book Values) (₹ in crore)

Particulars	1 day to 30/31 days	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from bank	**33**	**150**	**233**	**291**	**526**	**4 734**	**2 333**	**-**	**8 300**
	(24)	(-)	(33)	(317)	(1 382)	(3 441)	(2 947)	(-)	(8 144)
Market Borrowings	**720**	**954**	**973**	**1 179**	**2 204**	**2 375**	**996**	**559**	**9 960**
	(942)	(953)	(1 077)	(1 938)	(969)	(4 169)	(290)	(-)	(10 339)
Assets									
Loans / Advances	**751**	**600**	**177**	**1 745**	**2 037**	**3 856**	**1 349**	**3 162**	**13 677**
	(1 070)	(650)	(283)	(1 330)	(2 664)	(2 744)	(1 238)	(2 664)	(12 642)
Investments	**1 344**	**53**	**44**	**138**	**334**	**1 171**	**194**	**10 549**	**13 825**
	(1 431)	(52)	(47)	(122)	(415)	(1 268)	(1 000)	(6 832)	(11 167)

Note:

(a) All quoted investments have been included in 1 day to 30/31 days (one month) bucket considering its liquidity. All unquoted equity shares / warrants including investment in subsidiaries have been included in 'Over 5 years'. The maturity pattern has been prepared in line with various regulations issued by RBI from time to time, best practices & based upon best estimate of the management with regard to the timing of various cashflows.

(b) The classification of Assets and Liabilities into current and non-current is carried out based on their residual maturity profile as per requirement of Revised Schedule VI to the Companies Act, 1956. The above maturity pattern of assets and liabilities has been prepared by the Company after taking into consideration guidelines for assets-liabilities management (ALM) system in non-banking financial companies issued by RBI, best practices and best estimate of the Assets-Liability Committee / management with regard to the timing of various cash flows, which has been relied upon by the auditors.

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Notes to Financial Statements as at March 31, 2012

44 Contingent Liabilities and Commitments (As Certified by the Management)

(₹ in crore)

Particulars		March 31, 2012	March 31, 2011
Contingent Liabilities			
i)	Guarantees to Banks and Financial Institutions on behalf of Third parties	**983**	1 142
ii)	Claims against the Company not acknowledged as debt	**22**	13
Commitments			
iii)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	**81**	71
iv)	Undrawn Committed Credit lines	**253**	421
v)	Uncalled amount of Investments	**79**	355

45 Expenditure in foreign currency

(₹ in crore)

Particulars		2011-12	2010-11
i)	Travelling Expenses [₹ 22 54 787 (Previous year ₹ 21 05 418)]	**0**	0
ii)	Donations	**3**	3
iii)	Professional fees	**1**	1
iv)	Software (Previous year ₹ 3 00 000)	**1**	0
v)	Others (Previous year ₹ 9 00 000)	**1**	0
TOTAL		**6**	4

46 Outstanding Future & Option as on March 31, 2012

Name of option	No. of contracts	Units	
		Long	Short
Nifty Call option	786	**24 650**	14 650
Nifty Put option	1 806	**-**	90 300

47 Remittance in foreign currency on account of dividend

The Company has paid dividend in respect of shares held by non residents on repatriation basis. This, inter alia, includes portfolio investment, where the amount is also credited to Non Resident External Account (NRE A/c). The total amount remittable in this respect is specified below.

Particulars			2011-12	2010-11
Dividend				
a)	Number of Non Resident Shareholders		**722**	761
b)	Number of Equity shares held by them		**33 400**	35 329
c)	i)	Amount of Dividend paid (gross) (amount in ₹)	**2 17 183**	2 29 724
	ii)	Year to which Dividend relates	**2010-11**	2009-10

48 In the opinion of management, all the assets other than fixed assets and non current investments are approximately of the value stated if realised in the ordinary course of business.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

Mumbai
Dated: May 19, 2012

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**

Directors **Rajendra P. Chitale**, **C. P. Jain**, **Dr. Bidhubhusan Samal**, **V. N. Kaul**

President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Auditors' Report on Consolidated Financial Statements

To,
The Board of Directors
Reliance Capital Limited

We have audited the attached consolidated balance sheet of **Reliance Capital Limited** ('the Company') and its subsidiaries including partnership firm and associates (as per the list appearing in Note 45 of the consolidated financial statements) (Collectively referred to as the 'Group') as at March 31, 2012, the consolidated statement of profit and loss and the consolidated cash flow statement for the year then ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. We did not audit the financial statements and financial information of twenty two subsidiaries and a partnership firm. The financial statements of these subsidiaries including partnership firm for the year ended March 31, 2012 have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries including a partnership firm, is based solely on these reports. The attached consolidated financial statements include total assets of ₹ 1,573 crore as at March 31, 2012, total revenues of ₹ 174 crore and net cash inflows amounting to ₹ 49 crore in respect of the aforementioned subsidiaries and partnership firm for the year then ended.

3. The financial statements and financial information of fourteen subsidiaries for the year ended March 31, 2012 have been audited by one of the joint auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on these reports. The attached consolidated financial statements include total assets of ₹ 6,700 crore as at March 31, 2012, total revenues of ₹ 3,303 crore and net cash inflow amounting to ₹ 33 crore in respect of the aforementioned subsidiaries for the year then ended.

4. The financial statements and financial information of three associates for the year ended March 31, 2012 have been audited by one of the joint auditor whose reports have been furnished to us, and our opinion, in so far it relates to share of profit of ₹ 137 crore for the year ended March 31, 2012 included in respect of these associates, is based solely on these reports.

5. The financial statements and financial information of two associates for the year ended March 31, 2012 have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates share of loss of ₹ 1 crore for the year ended March 31, 2012 included in respect of these associates, is based solely on these reports.

6. We have relied on the unaudited financial statement and financial information of one associate, whose financial statements are approved by its board of directors has been furnished to us by the management of the Company, and our report in so far as it relates to share of profit of ₹ 1 crore for the year ended March 31, 2012 included in respect of an associate is based solely on such approved unaudited financial statements and financial information.

7. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard (AS) – 21, "Consolidated Financial Statements" and Accounting Standard (AS) – 23, "Accounting for Investments in Associates in Consolidated Financial Statements", notified by the Companies (Accounting Standards) Rules, 2006.

8. Without qualifying our report, we state:

 a) as more fully explained in the Note No. 31 (B) (b) to the consolidated financial statements regarding, the Scheme of Amalgamation ('the Scheme') sanctioned by the Hon'ble High Court of Judicature at Bombay, the Scheme permits the Company to adjust expenses and/or losses identified by Board of Directors as exceptional items, which are required to be debited to the statement of profit and loss by a corresponding withdrawal from General Reserve, which is considered to override the relevant provisions of Accounting Standard 5 (AS-5) 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'. Accordingly, the Company has identified loss on sale of investments during the year of ₹ 149 crore, as in the opinion of the Board, such loss are considered to be of an exceptional items have been met by corresponding withdrawal from General Reserve and credited the said withdrawal to the Statement of Profit and Loss. Had such losses not been met from General Reserve, the Company would have reflected a profit before tax of ₹ 370 crore and profit after tax for the year would have been ₹ 309 crore.

 b) as more fully explained in the Note No. 38(c) to the consolidated financial statements relating to Order dated December 2, 2012 issued under section 33 of the Insurance Act, 1938 by IRDA to Reliance General Insurance Company Limited ('RGIC') a subsidiary of the Company, for strengthening of reserves, infusion of fresh capital, creation of data deficiency reserve and

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Auditors' Report on Consolidated Financial Statements

operational risk reserve and other matters including strengthening of systems and procedures, wherein the RGIC, as explained in aforesaid note, has taken several steps including upgradation of the reserve which in the opinion of the managements reflects the correct position of the reserve in the consolidation financial statement and also requested IRDA for fresh review of the financial position as on March 31, 2012 of the RGIC.

9. We draw attention to Note No. 38 (d) of the consolidated financial statements of the Company, with regard to actuarial valuation of liabilities of RGIC with respect to claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been duly certified by the RGIC's appointed actuary. The appointed actuary has also certified that the assumptions used for such estimate are appropriate and are in accordance with the guidelines and norms issued by the IRDA and the Actuary Society of India in concurrence with the IRDA.

10. Based on the audit as aforesaid, and on consideration of the reports of other auditors and financial statements approved by the Board of Directors on separate financial statements and on other financial information of the components as explained in paragraphs 2, 5, 6, 8 and 9 above, and to the best of our information and according to the explanations given to us, we are of the opinion that the said consolidated financial statements read together with notes thereto give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at March 31, 2012;

(ii) in the case of the consolidated statement of profit and loss, of the consolidated profit, of the operations of the Group for the year then ended; and

(iii) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year then ended.

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No. 101720W

Vijay Napawaliya
Partner
Membership No. 109859

Mumbai
Dated: May 19, 2012

For **B S R & Co.**
Chartered Accountants
Firm Reg. No. 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

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Consolidated Balance Sheet as at March 31, 2012

(₹ in crore)

		Note No.	As at March 31, 2012		As at March 31, 2011	
I	**EQUITY AND LIABILITIES**					
(1)	**Shareholders' funds**					
(a)	Share capital	4	**246**		246	
(b)	Reserves and surplus	5	**11 522**	**11 768**	7 544	7 790
(2)	**Minority Interest**			**131**		163
(3)	**Non-current liabilities**					
(a)	Long-term borrowings	6	**11 926**		12 075	
(b)	Other long-term liabilities	7	**1**		5	
(c)	Long-term provisions	8	**41**	**11 968**	38	12 118
(4)	**Current liabilities**					
(a)	Short-term borrowings	9	**3 667**		5 388	
(b)	Trade payables	10	**180**		72	
(c)	Other current liabilities	11	**7 377**		6 336	
(d)	Short-term provisions	12	**252**	**11 476**	220	12 016
TOTAL				**35 343**		32 087
II	**ASSETS**					
(1)	**Non-current assets**					
(a)	Fixed assets	13				
(i)	Tangible assets		**199**		135	
(ii)	Intangible assets		**81**		79	
(iii)	Capital work-in-progress [₹ 5 66 150 (Previous year ₹ 12 00 000)]		**-**		-	
(iv)	Intangible assets under development		**1**		-	
			281		214	
(b)	Non-current investments	14	**13 055**		10 313	
(c)	Deferred tax assets (net)	15	**45**		70	
(d)	Long-term loans and advances	16	**11 135**		11 059	
(e)	Other non-current assets	17	**1 141**		1 316	
				25 657		22 972
(2)	**Current assets**					
(a)	Current investments	18	**1 704**		1 988	
(b)	Inventories	19	**127**		185	
(c)	Trade receivables	20	**405**		254	
(d)	Cash & bank balances	21	**1 125**		1 634	
(e)	Short-term loans and advances	22	**5 732**		4 683	
(f)	Other current assets	23	**593**	**9 686**	371	9 115
TOTAL				**35 343**		32 087

See accompanying notes to the financial statements 1 - 49

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**
Directors **Rajendra P. Chitale**, **C. P. Jain**, **Dr. Bidhubhusan Samal**, **V. N. Kaul**
President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Consolidated Statement of Profit and Loss for the year ended March 31, 2012

(₹ in crore)

		Note No.	2011-12		2010-11	
	REVENUE					
I	Revenue from operations	24	**6 577**		5 433	
II	Other income	25	**50**		103	
III	**Total revenue (I+II)**			**6 627**		5 536
IV	**EXPENSES**					
	Employee benefits expense	26	**548**		497	
	Finance costs	27	**2 250**		1 464	
	Depreciation and amortisation expense	13	**54**		50	
	Other expenses	28	**3 256**		3 235	
	Total expenses			**6 108**		5 246
V	**Profit before exceptional items and tax (III-IV)**			**519**		290
VI	**Exceptional items**					
	Loss on sale of investment [Refer Note No. 31 (B) (b)]			**149**		-
	(Withdrawal) from general reserve [Refer Note No. 31 (B) (b)]			**(149)**		-
VII	**Profit before tax (V-VI)**			**519**		290
VIII	**Tax expense:**					
	(1) Current taxation		**164**		88	
	(2) Taxation for earlier years		**1**		1	
	(3) Deferred tax		**25**	**190**	(32)	57
IX	**Profit after tax (VII-VIII)**			**329**		233
X	Less: Share of minority shareholders			**7**		5
XI	**Profit after minority interest (IX-X)**			**322**		228
XII	Add: Share of profit/(loss) in associates			**137**		(1)
XIII	**Profit after share of profit / (Loss) in associates**			**459**		227
XIV	Add: Profit /(Loss) on sale of subsidiary (Refer Note No. 30)			**(1)**		64
XV	**Net profit after tax (XIII+XIV)**			**458**		291
XVI	**Earning per equity share of ₹ 10 each fully paid up**	43				
	Basic (₹)			**18.64**		11.85
	Diluted (₹)			**18.64**		11.85

See accompanying notes to the financial statements 1 - 49

As per our report of even date

For **Chaturvedi & Shah**
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N Sampath Ganesh
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Mumbai
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President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Consolidated Cash flow Statement for the year ended March 31, 2012

(₹ in crore)

Particulars	2011-12		2010-11	
A. Cash flows from operating activities				
Profit before tax		**519**		290
Adjusted for				
Depreciation & amortisation	**54**		50	
Provision for investments & NPA, doubtful debts and balances written off	**252**		223	
Provision and loss on repossessed stock	**2**		5	
Provision for gratuity /leave encashment [₹ 26 05 447 (Previous year ₹ 47 00 000)]	**(-)**		-	
Excess provision / credit balance written back	**(10)**		(56)	
Bad debts recovered	**(53)**		(37)	
(Profit) / Loss on sale of fixed assets/written off	**(2)**		(8)	
Reserve for unexpired risk (written back) /provided	**21**		(139)	
Amortisation of DSA commission	**35**		31	
Amortisation of distribution cost	**4**		4	
Investments:				
Interest income	**(749)**		(816)	
Dividend income	**(36)**		(44)	
(Profit) / Loss on sale of investment (Net)	**(758)**		(91)	
Amortisation of brokerage on borrowing	**25**		17	
Discount on commercial papers	**406**		401	
Interest expenses	**1 819**	**1 010**	1 045	585
Operating profit before working capital changes		**1 529**		875
Adjusted for				
Proceeds from / (repayment of) short term borrowings (Net)	**(2 078)**		(1 524)	
Proceeds from / (repayment of) long term borrowings (net)	**682**		6 775	
Inventories	**58**		(21)	
Deferred expenses	**(132)**		(60)	
Trade receivables & loans and advances	**(1 065)**		(3 594)	
Trade payables and liabilities	**(144)**	**(2 679)**	307	1 883
Cash generated from operations		**(1 150)**		2 758
Interest paid	**(1 755)**		(1 368)	
Taxes paid	**(67)**	**(1 823)**	(92)	(1 460)
Net cash from / (used in) operating activities		**(2 973)**		1 298

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Consolidated Cash flow Statement for the year ended March 31, 2012

(₹ in crore)

Particulars	2011-12	2010-11
B. Cash flows from investing activities		
Purchase of fixed assets (including CWIP & intangible assets under development)	**(130)**	(99)
Sale of fixed assets	**4**	57
Purchase of investments	**(7 119)**	(13 145)
Proceed from sale of investments	**9 296**	12 038
Interest received	**347**	325
Dividend received	**35**	43
Net Cash from / (used in) investing activities	**2 433**	(781)
C. Cash flows from financing activities		
Proceeds from / (repayment of) short term borrowings (Net)	(49)	(129)
Proceeds from / (repayment of) Long term borrowings (net)	**255**	450
Dividend paid	**(198)**	(186)
Net Cash from / (used in) financing activities	**8**	135
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(532)**	652
Opening balance of cash and cash equivalents	**1 190**	530
Add: On amalgamation (Refer Note 1(b) given below) (₹ 5 582)	**-**	8
	1 190	538
Closing balance of cash and cash equivalents	**658**	1 190

Note:

1 a) The previous year's figures have been regrouped and reclassified wherever necessary.

b) Assets and liabilities pertaining to the Viscount Management Services (Alpha) Ltd. transferred pursuant to the Scheme of Amalgamation with the Company with effect from October 1, 2011 i.e. the Appointed Date, have not been considered for the current years cash flow statement.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

Mumbai
Dated: May 19, 2012

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**
Directors **Rajendra P. Chitale, C. P. Jain, Dr. Bidhubhusan Samal, V. N. Kaul**
President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

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Notes to Consolidated Financial Statements as at March 31, 2012

1. Background

Reliance Capital Limited ('the Company') is registered as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India Act, 1934. The Company along with the group is broadly engaged in lending, investing activities, asset management, insurance and broking activities.

2. Significant Accounting Policies

a Principles of Consolidation

The consolidated financial statements relate to Reliance Capital Limited ('the Company'), its subsidiaries including partnership firm and its associates (collectively referred to as "Group"). The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Company and its subsidiaries including partnership firm have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

ii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's stand-alone financial statements.

iii) The difference between the costs of investment in the subsidiaries over the net assets as on the date of acquisition is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss as the profit or loss on disposal of investment in subsidiary.

v) Minority interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company.

vi) Minority interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

vii) The financial statements of the Company and its associates have been combined on the basis of equity method, whereby the investment is initially recorded at cost, identifying any goodwill / capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for post acquisition change in the Company's share of net assets of the associate. Unrealised profits and losses resulting from transactions between the Company and the associates are eliminated to the extent of the Company's interest in the associate. Unrealised losses are not eliminated if and to the extent the cost of the transferred asset cannot be recovered. The consolidated statement of profit and loss reflects the Company's share of operations of the associate.

viii) In case of foreign subsidiaries and companies controlled by the Company, in translating the financial statements of non integral foreign subsidiaries for consolidation the following procedures have been followed:

a) The assets and liabilities both monetary and non monetary, of the non integral foreign operations are translated at the closing rate;

b) Income and expenses items of the non integral foreign operations are translated at the average rate;

c) All resulting exchange differences (if any) are accumulated in foreign currency translation reserve.

b Basis of Preparation of Financial Statements

The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 to the extent applicable. In case of Reliance General Insurance Co. Ltd., the financial statement are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 and order and direction issued by IRDA in this behalf and the regulations framed there under read with relevant provisions of the Insurance Act, 1938 to the extent possible.

c Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

d Revenue Recognition

i) Interest income:

Interest income is recognised as it accrues on a time proportion basis taking into account the amount outstanding and the rate applicable except in the case of non performing assets ("NPAs") where it is recognised, upon realisation.

ii) Dividend income:

Dividend income is recognised when the right to receive payment is established.

iii) Discount on investments:

The difference between the acquisition cost and face value of debt instruments is recognised as interest income over the tenor of the instrument on straight line basis.

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iv) Redemption premium on investments in preference shares:

Redemption premium on investments in preference shares is recognised as income over the tenor of the investment.

v) Investment Management Fees:

Investment management fees are recognised on an accrual basis in accordance with Investment Management Agreement and SEBI Regulations based on average assets under management (AUM).

vi) Portfolio Management Fees:

Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective clients.

vii) Income from investments:

a) Profit earned from sale of securities is recognised on trade date basis. The cost of securities is computed based on weighted average basis.

b) Share of profits or losses in partnership firm :

Share of profit/loss in partnership firm is accounted for once the amount of the share of profit/loss is ascertained and credited/debited to the Company's account in the books of the partnership firm.

viii) Loan processing fee income:

Loan processing fee income is accounted for upfront as and when it becomes due.

ix) Income from assignment / securitisation:

a) In case of assignment of loans, the assets are de-recognised when all the rights, title, future receivables and interest thereof along with all the risks and rewards of ownership are transferred to the purchasers of assigned loans. On de-recognition, the difference between book value of the loans assigned and consideration received, as reduced by the estimated provision for loss/expenses and incidental expenses related to the transaction, is recognised as gain or loss arising on assignment.

b) In case of securitisation of loans, the transferred loans are de-recognised and gains/losses are accounted for only if the company surrenders the rights to benefits specified in the underlying securitised loan contract. In accordance with the RBI guidelines for securitisation of standard assets, which is effective from February 1, 2006, the Company has recognised any loss arising from securitisation immediately at the time of sale and premium arising from securitisation is amortised over the life of securities issued or to be issued by the special purpose vehicle to which the assets are sold. Income on retained interest in securitised assets is booked on accrual basis.

x) Income from Trading in Securities and Derivatives:

The initial margin and the additional margin paid for entering into contracts for equity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in securities and derivatives comprises of profit/loss on hedged positions in Equity and Derivative instruments. All the hedged positions in Equity and Derivatives (Futures and Options) are marked to market and difference between the transaction price and settlement price is recognised as Gains or Losses.

The Brokerage, STT and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

xi) Income from Trading in Commodity:

The initial margin and the additional margin paid for entering into contracts for commodity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in commodities comprises of profit/loss on hedged positions in commodity stocks and futures. All the hedged positions in commodity and commodity Futures are marked to market and difference between the transaction price and settlement price is recognised as Gains or Losses.

The Brokerage and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage.

xii) Income from Trading in Currency Derivatives:

The initial margin and the additional margin paid for entering into contracts for commodity futures and options are disclosed under the head Loans and Advances in the Balance Sheet.

Income from trading in currency comprises of profit/loss on currency futures. All the positions in currency and currency futures are marked to market and difference between the transaction price and settlement price is recognised as Gains or Losses.

The Brokerage, STT and other payments made in connection with the acquisition of securities are added to the cost of acquisition. The amount shown under sale of securities is net of Brokerage and STT.

xiii) Trusteeship Remuneration:

Trusteeship remuneration income is recognised on the basis of the agreements entered into between the settler and the trustee.

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xiv) Premium:

Premium is recognised as income over the contract period or the period of risk whichever is appropriate. Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

xv) Commission:

i) Commission income on reinsurance cessions is recognised as income in the period in which reinsurance premium is ceded.

ii) Profit commission under reinsurance treaties, wherever applicable, is recognised on accrual. Any subsequent revisions of profit commission are recognised for the year in which final determination of the profits is intimated by reinsurers.

xvi) Reinsurance:

i) Reinsurance is ceded in the year in which the risk commences and recognised over the contract period. Any subsequent revision to refunds or cancellation of premiums, are recognised in the year in which they occur.

ii) Reinsurance inward is accounted to the extent of the returns received from the reinsurers.

xvii) Premium Received in Advance:

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the balance sheet date.

xviii) Revenue on Foreign Exchange Transaction:

Revenue on foreign exchange transactions is recognised at the time of purchase and sale. The income arising from the buying and selling of foreign currencies has been included on the basis of margins achieved. Sales incentive for sale of traveler's cheque and forex cards is recorded on accrual basis in accordance with term of the underlying agreement.

xix) Sales & Services :

All Sales & Services are excluding the sales tax & service tax recovery.

xx) Brokerage Income:

Brokerage income is recognised net of service tax on the date of transaction.

xxi) Infrastructure and Resource Management Fees:

Infrastructure and resource management services fees are recognised on accrual basis as per agreements with the clients.

xxii) Online Access Fees:

Online access fees is recognised on straight-line basis, based on the agreement with the clients.

xxiii) Lease Rental Income:

Lease rental income is recognised in the statement of profit and loss on a straight-line basis over the lease term.

xxiv) Fee for Advisory Services is accounted in accordance with the terms and contracts into with the clients.

e Fixed assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes all expenses incidental to the acquisition of the fixed assets.

f Leased assets

All assets given on operating lease are shown in fixed assets net of depreciation.

Initial direct costs in respect of leases are expensed in the year in which such costs are incurred.

g Intangible assets

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible Assets are stated at cost of acquisition less accumulated amortisation.

h Depreciation / Amortisation

Depreciation on fixed assets, lease assets and intangible assets are provided as follows:

i) Leased assets: Depreciated on Straight-Line Method over the useful life of assets. The estimated useful lives of the assets for the different types of assets are :

a) Plant & Equipments – 8 years

b) Computers – 5 years

c) Vehicle for personal use – 8 years

d) Vehicle for commercial use - 8 years other than Taxi – 6 years

ii) Own Assets: All assets other than lease hold improvements, on written down value method except Reliance Commodities Limited and Quant Capital Private Limited which depreciates on straight-line basis at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 and lease hold improvements are amortised over the primary period of the lease on Straight Line Basis.

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i Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

j Investments

Investments are classified as long term or current based on intention of the management at the time of purchase. Current investments are valued, scrip wise at cost or fair value, whichever is lower. Long-term investments are carried at carrying cost less diminution in value which is other than temporary, determined separately for each individual investment.

k Inventories

- Securities held as Inventories are valued scrip wise at weighted average cost or fair value, whichever is lower.
- Stock of foreign currencies have been valued at lower of weighted average cost and realisable value at the year end.
- Stock of paintings are of such nature that the market value of which cannot be easily measurable, hence been valued at cost.

l Repossessed assets

Assets repossessed against the settlement of loan are carried in the balance sheet at outstanding loan amount or market value whichever is lower. The difference between the outstanding loan amount and the market value is charged to statement of profit and loss in the year of repossession of assets.

m Loan origination/acquisition cost

The direct commission cost incurred for the loan origination is written off over the average tenure of the loan.

n Security of Loans Given

Housing loans / loans against property granted are secured by equitable registered mortgage of property and / or undertaking to create a security. Other Secured loans are secured against hypothecation of respective assets.

o Discount on Commercial Papers

The difference between the issue price and the redemption value of commercial papers is apportioned on time basis and recognised as discounting expense.

p Employee retirement benefits

i) Provident fund:

Company's contributions to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss.

ii) Gratuity:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Accrued Benefit Method (same as Projected Unit Credit Method), which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

iii) Leave encashment:

Leave encashment which is a defined benefit, is accrued for based on an actuarial valuation at the balance sheet date carried out by an independent actuary.

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilised accrued leave balance and utilise it in future periods. The Company records an obligation for compensated absences in the period in which the employee renders the service that increases the entitlement. The Company measures the expected cost of compensated absence as the amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date.

q Employee Stock Option Scheme ("ESOS")

The Employees Stock Option Scheme ("the Scheme") provides for grant of equity shares of the Company to directors (including whole-time) and employees of the Company and its subsidiaries. The Scheme provides that employees are granted an option to acquire equity shares of the Company that vests in a graded manner. The options may be exercised within a specified period. The Company follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date and is amortised over the vesting period of the option on a straight-line basis.

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The fair market price is the latest closing price, immediately prior to the date of the Board of Directors meeting in which the options are granted, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date is considered.

r Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies at the year end are restated at year end rates.

s Borrowing costs

Borrowing costs, which are directly attributable to the acquisition / construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

t Operating leases

Lease payments for assets taken on an operating lease are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term.

u Earnings per share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share, is computed by dividing the net profit after tax by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.

v Provisions for Non Performing Assets (NPA) and Doubtful Debts

NPA including loans and advances, receivables are identified as bad/ doubtful based on the duration of the delinquency. The duration is set at appropriate levels for each product. NPA provisions are made based on the management's assessment of the degree of impairment and the level of provisioning meets the NBFC prudential norms prescribed by Reserve Bank of India.

w Provisions for Standard Assets

Provisions on Standard Assets are made as per the Reserve Bank of India notification DNBS.PD.CC.No.207/ 03.02.002 /2010-11 dated January 17, 2011.

x Taxation

i) Current tax

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit entitlement is recognised where there is convincing evidence that the same can be realised in future.

ii) Deferred tax:

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

y Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

z New fund offer expenses of schemes

Expenses relating to new fund offer of mutual fund schemes are charged in the statement of profit and loss in the year in which such expenses are incurred except as mentioned in Note No. 37 below.

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Notes to Consolidated Financial Statements as at March 31, 2012

aa Expenses of Management

Expense relating to insurance business is allocated on the basis of net premium written to the Revenue Account(s).

Expenses relating to investment activities are charged to the statement of profit and loss.

ab Financial Derivatives and Commodity Hedging Transactions

Financial Derivatives and Commodity Hedging transaction are accounted for on a mark to market basis. Payments of margin requirements on this contract are recognised in the Balance Sheet.

ac Claims Incurred

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/ reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability of outstanding claims is determined by management ton the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. IBNR/IBNER has been created on re-insurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

ad Reserve for Unexpired Risk

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to the provisions of Section 64V (1) (ii) (b) of the Insurance Act, 1938. Reserve for unexpired risk is made at 100 per cent of net premium for marine hull business and 50 per cent of net premium for other class of business except unexpired risk in Health segment.

In case of Health segment, the Reserve for Unexpired Risks is created at the end of the Accounting period based on the 1/365 method as per IRDA Circular No. IRDA/F&A/CIR/49/Mar-09 dated March 24, 2009 and IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011.

ae Premium Deficiency

Premium deficiency is recognised if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk. Premium deficiency is calculated by line of business as per IRDA circular F&A/CIR/017/May-04 dated May 18, 2004. The company considers maintenance as relevant costs incurred for ensuring claim handling operations.

af Acquisition Cost

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

ag Fund Expenses

Expenses incurred (inclusive of advertisement/brokerage expenses) on behalf of Schemes / Fund are recognised to the statement of profit and loss unless considered recoverable.

ah Market linked debentures

The Company has issued certain non-convertible debentures, the rate of interest on which is linked to performance of specified indices over the period of the debentures.

The Company Hedges its interest rate risk on MLD by taking positions in future & options based on specified indices. Any gain/ loss on these hedge positions are netted against with interest expense on MLD and resultant 'net loss' is recognised in statement of profit and loss immediately, however 'net gain' if any is ignored.

3 Previous year

The consolidated financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the consolidated financial statements for the year ended March 31, 2012 have been prepared as per Revised Schedule VI. Accordingly, the previous year's figures have also been reclassified to conform to this year's classification. The adoption of the Revised Schedule VI for the previous year's figures does not impact recognition and measurement principles followed for preparation of consolidated financial statements .

The figures for current year includes figures of Viscount Management Services (Alpha) Limited (VMSAL) which is amalgamated with the Company with effect from October 1, 2011 i.e.the Appointed Date and Reliance Composite Insurance Company Limited which became subsidiary during the year, therefore to that extent not strictly comparable to that of Previous year's Figures.

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012	As at March 31, 2011
4	**Share capital**		
	(a) Authorised:		
	30 00 00 000 Equity shares of ₹ 10 each (Previous year 30 00 00 000)	**300**	300
	10 00 00 000 Preference shares of ₹ 10 each (Previous year 10 00 00 000)	**100**	100
		400	400
	(b) Issued & subscribed		
	24 69 77 006 Equity shares of ₹ 10 each fully paid up (Previous year 24 69 77 006)	**247**	247
		247	247
	(c) Paid up		
	24 56 32 800 Equity shares of ₹ 10 each fully paid up (Previous year 24 56 32 800)	**245**	245
	Add: Forfeited shares 13 44 206 Equity shares of ₹ 10 Each (Previous year 13 44 206)	**1**	1
		246	246

(d) Equity shares held by holding company and subsidiaries of holding company:

Name of the Holder	2011-12		2010-11	
	%	Qty.	%	Qty.
Reliance Innoventures Private Limited (Holding Company)	**0.23**	**5 76 450**	0.23	5 76 450
AAA Enterprises Private Limited (Subsidiary of holding company)	**40.07**	**9 84 14 206**	40.07	9 84 14 206
AAA Infrastructure Consulting & Engineers Private Limited (Subsidiary of holding company)	**11.39**	**2 79 75 633**	11.39	2 79 75 633

(e) Equity shares in the Company held by each shareholder holding more than 5 percent:

Name of the Holder	2011-12		2010-11	
	%	Qty.	%	Qty.
AAA Enterprises Private Limited	**40 .07**	**9 84 14 206**	40 .07	9 84 14 206
AAA Infrastructure Consulting & Engineers Private Limited	**11.39**	**2 79 75 633**	11.39	2 79 75 633

(f) The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.

For the year ended March 31, 2012, the amount of per share dividend recognised as distributable to equity shareholders is ₹ 7.50 (March 31, 2011 ₹ 6.50). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(g) Out of the above Equity shares 10,66,555 shares were allotted as fully paid-up pursuant to the scheme of amalgamation without payment being received in cash in the last five years.

(h) Reconciliation of numbers of shares outstanding

	No of Shares	Amount (₹ in crore)	No of Shares	Amount (₹ in crore)
Equity shares				
Opening balance	**24 56 32 800**	**245**	24 56 32 800	245
Movement during the year	**-**	**-**	-	-
Closing balance	**24 56 32 800**	**245**	24 56 32 800	245

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31,2012		As at March 31, 2011	
5 Reserves & surplus				
Capital reserve				
As per last balance Sheet		**6**		6
Capital reserve on consolidation				
As per last balance Sheet	**-**		2	
Less: Adjusted with goodwill (Refer Note No. 33)	**-**	**-**	2	-
Capital redemption reserve				
As per last balance sheet	**11**		11	
Add: Amount transferred from statement of profit and loss	**25**		-	
Less: Minority share adjustments [₹ 3 00 000 (Previous year ₹ 7 06 494)]	**-**	**36**	**-**	11
Securities premium account				
As per last balance sheet	**3 720**		3 758	
Less: Amalgamation adjustments [Refer Note No. 31(E)]	**-**		24	
Less: Minority share adjustments	**(37)**	**3 757**	14	3 720
General Reserve**				
As per last balance sheet	**621**		554	
Add: Amount transferred from statement of profit and loss	**1 080**		49	
Add: Amalgamation/merger adjustments [Refer Note No. 31]	**3 837**		24	
Less: Amount withdrawn as per scheme of amalgamation [Refer Note No. 31(B) (b)]	**149**		-	
Less: Minority share adjustments	**4**	**5 385**	6	621
Statutory Reserve Fund *				
As per Last Balance Sheet	**935**		887	
Add: Amount transferred from statement of profit and loss	**105**		48	
Less: Minority share adjustments [₹ 6 53 684 (Previous year Nil)]	**-**	**1 040**	-	935
Special Reserve #				
As per Last Balance Sheet	**9**		1	
Add: Amount transferred from statement of profit and loss	**5**	**14**	8	9
Foreign Currency translation Reserve				
As per last balance sheet	**15**		9	
Add : Addition during the year	**12**		6	
Less: Minority share adjustments (Previous year ₹ 45 84 041)]	**1**	**26**	-	15
Settlement guarantee fund		**-**		-
As per last balance Sheet [₹ 2 30 000 (Previous year Nil)]	**-**		-	
Add : Addition during the year [₹ 2 35 000 (Previous year ₹ 2 30 000)]	**-**	**-**	**-**	-

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31,2012		As at March 31, 2011	
Surplus in statement of profit & loss				
As per last balance sheet	**2 227**		2 229	
Add: Amount transferred from Statement of Profit & Loss	**458**		291	
Less: Proposed dividend	**196**		172	
Less: Tax on proposed dividend	**33**		28	
Less: Tax on proposed dividend for earlier years	**-**		(1)	
Less: Transfer to special reserve	**5**		8	
Less: Transfer to statutory reserve Fund	**105**		48	
Less: Transfer to general reserve	**1 080**		49	
Less: Transfer to capital redemption reserve	**25**		-	
Less: Amalgamation adjustments [Refer Note No. 31(C)] [Nil (Previous year ₹ 19 99 900)]	**-**		-	
Less: Minority share adjustments	**(17)**	**1 258**	(11)	2 227
		11 522		7 544

* Created pursuant to section 45-IC of reserve bank of India Act, 1934.

** Includes ₹ 3 837 crore (Previous year ₹ 1 04 484) created pursuant to schemes of amalgamation.

\# Created pursuant to The National Housing Bank Act,1987

6 Long term borrowings

Non convertible debentures				
- Secured (Refer Note No. 29)	**2 624**		4 135	
- Unsecured				
Others	**483**		-	
Related party (Refer Note No. 40)	**25**	**3 132**	-	4 135
Term loans from banks				
- Secured (Refer Note No. 29)		**8 777**		7 923
Inter corporate deposits - Unsecured		**17**		17
		11 926		12 075

7 Other Long-term liabilities

Interest accrued but not due on debentures	**-**	1
Others	**1**	4
	1	5

8 Long-term provisions

Provision for employee benefits		
-Leave encashment	**9**	8
-Gratuity (₹ 12 18 562)	**-**	1
Others		
-Standard debts	**31**	26
-Impairment of assets	**-**	3
-Income tax (Previous year ₹ 8 05 714)	**1**	-
	41	38

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31, 2012		As at March 31, 2011	
9 Short term borrowings				
Loans from banks				
-Secured (Refer Note given below)				
Cash credit	**165**		169	
Overdrafts from banks [Secured against fixed deposits receipts ₹ 341 crore (Previous year ₹ 291 crore)]	**132**		221	
Short term	**-**		200	
-Unsecured				
Short term	**400**	**697**	300	890
Inter corporate deposits -unsecured		**38**		37
Commercial paper -unsecured (Refer Note c below)				
Others	**2 450**		4 461	
Related party (Refer Note No. 40)	**482**	**2 932**	-	4 461
		3 667		5 388

Notes:

a. Cash Credits amounting to ₹ 165 crore (Previous year ₹ 169 crore) referred above are secured by pari passu first charge on all present and future book debts (only performing assets), receivables and loan assets pertaining only to the Company's commercial finance division and Reliance Home Finance Limited.

b. Short Term Loans amounting to Nil (Previous year ₹ 200 crore) referred above are secured by way of pari passu first charge on all present and future book debts, outstandings, moneys receivables, bills, claims and loan assets of the Company's commercial finance division.

c. In respect to commercial papers maximum balance outstanding during the year was ₹ 5,620 crore (Previous year ₹ 7,188 crore).

10 Trade payables			
- Due to micro, small & medium enterprises	**-**		-
- Due to others	**180**		72
	180		72

Notes:

There are no Micro and Small Scale Business Enterprises, to whom the Group owes dues, which are outstanding for more than 45 days as at March 31, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

11 Other current liabilities				
Current maturities of long-term debt				
Non convertible debentures				
-Secured (Refer Note No. 29)	**2 985**		1 510	
Term loans from banks				
-Secured (Refer Note No. 29)	**1 012**	**3 997**	1 401	2 911
Interest accrued but not due on debentures		**295**		229
Income received in advance		**22**		17
Advance from customers		**369**		521

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31, 2012	As at March 31, 2011
Temporary book overdraft balance of banks	**249**	638
Claims outstanding	**2 120**	1 676
Trading margins from clients	**88**	127
Other payables*	**228**	209
Unclaimed dividend #	**9**	8
Unclaimed fixed deposits # [₹ 5 000 (Previous year ₹ 25 000)]	**-**	-
	7 377	6 336

Notes

*Includes provision for expenses, statutory payments and other payables.

#Does not include any amounts, due and outstanding, to be deposited to the Investor Education and Protection Fund .

12 Short-term provisions

Provision for employee benefits		
-Leave encashment	**4**	5
-Gratuity (Previous year ₹ 18 34 798)]	**2**	-
-Bonus Provision (₹ 17 98 125)	**-**	1
Others		
- Income tax	**2**	1
- Standard debts	**15**	12
- Provision for loss - equity index options	**-**	1
- Proposed dividend	**196**	172
- Tax on proposed dividend	**33**	28
	252	220

13. Fixed Assets

(₹ in crore)

Description	Gross Block				Depreciation				Net Block	
	As at April 1,2011	Additions / Adjustments #	Deductions/ Adjustments ##	**As at March 31,2012**	Upto April 1,2011	Additions / Adjustments #	Deductions/ Adjustments##	Upto **March 31,2012**	**As at March 31,2012**	As at March 31,2011
TANGIBLE ASSETS										
Leased Assets										
Plant and Equipment	16	9	-	**25**	- (ii)	2	-	**2**	**23**	16
Computers	-	14	-	**14**	-	2	-	**2**	**12**	-
Vehicles	22	18	- (i)	**40**	1	5	- (v)	**6**	**34**	21
Sub - total - A	38	41	- (i)	**79**	1	9	- (v)	**10**	**69**	37
Previous year	-	38	-	**38**	-	1	-	**1**	**37**	
Own Assets										
Buildings	26	43	1	**68**	14	1	- (vi)	**15**	**53**	12
Computers	80	14	1	**93**	60	11	1	**70**	**23**	20
Furniture and Fixtures	28	1	1	**28**	17	2	1	**18**	**10**	11
Vehicles	18	1	1	**18**	10	2	- (vii)	**12**	**6**	8
Office equipments	54	2	3	**53**	23	6	2	**27**	**26**	31
Leasehold improvement	47	3	2	**48**	31	7	2	**36**	**12**	16
Sub - total - B	253	64	9	**308**	155	29	6	**178**	**130**	98
Previous year	331	43	121	**253**	194	35	74	**155**	**98**	
Total (A+B)	291	105	9	**387**	156	38	6	**188**	**199**	135
Previous year	331	81	121	**291**	194	36	74	**156**	**135**	
INTANGIBLE ASSETS										
Computer software	94	24	-	**118**	69	16	-	**85**	**33**	25
Membership rights	1	-	-	**1**	- (iii)	- (iv)	-	- (viii)	**1**	1
Goodwill on consolidation	53	(6)	-	**47**	-	-	-	**-**	**47**	53
Total	148	18	-	**166**	69	16	-	**85**	**81**	79
Previous year	84	66	2	**148**	52	18	1	**69**	**79**	

1 During the year gross block of ₹ 4 crore alongwith accumulated depreciation ₹ 1 crore forming part of Office equipments has been reclassified to Computer software.

Adjustments to additions are on account of acquisitions of subsidiary gross block of ₹ 51,94,927 (Previous year ₹ 18 crore) alongwith accumulated depreciation ₹ 29,09,988 (Previous year ₹ 4 crore) during the year.

Adjustments to deductions are on account of sale of subsidiaries gross block of ₹ Nil (Previous year ₹ 6 crore) alongwith accumulated depreciation ₹ Nil (Previous year ₹ 3 crore) during the year.

2. (i) ₹ 35 54 821 (ii) ₹ 23 36 866 (iii) ₹ 41 69 178 (iv) ₹ 7 50 000 (v) ₹ 3 16 033
(vi) ₹ 5 17 044 (vii) ₹ 6 90 493 (viii) ₹ 49 19 178

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012	As at March 31, 2011
14	**Non-current investments**		
	Investments in equity shares		
	- Quoted {Net of provision of ₹ 152 crore (Previous year ₹ 33 crore)}	**1 495**	1 347
	- Unquoted {Net of provision of ₹ 12 crore (Previous year ₹ 8 crore)}	**667**	1 015
	Investments in associate companies		
	- Equity shares (carrying cost)	**3 967**	114
	- Preference shares	**562**	437
	- Debentures	**29**	29
	Investments in preference shares		
	- Quoted {Net of provision of Nil (Previous year ₹ 32 44 201)}	**10**	10
	- Unquoted {Net of provision of ₹ 5 crore (Previous year ₹ 3 crore)}	**3 482**	4 002
	Investments in government or trust securities		
	- Quoted	**-**	-
	- Unquoted	**777**	638
	Investments in debentures or bonds		
	- Quoted	**31**	25
	- Unquoted {Net of provision of ₹ 13 crore (Previous year ₹ 9 crore)}	**1 407**	2 162
	Investments in mutual funds		
	- Quoted {Net of provision of ₹ 12 63 556 (Previous year Nil)}	**114**	126
	- Unquoted	**-**	-
	Other non-current investments		
	- Units of seed/equity fund- unquoted, fully paid-up	**49**	46
	- Units of fund - unquoted, partly paid-up	**131**	52
	- Warrants - unquoted, partly paid-up {Nil (Previous year ₹ 46 00 000)} {Net of provision of Nil (Previous year ₹ 11 crore)}	**-**	-
	- Joint venture (Refer Note No. 2 below)	**85**	85
	- Pass Through certificates & security receipts	**249**	225
		13 055	10 313

Notes:

1. Aggregate value of provision for diminution in value of investments

Quoted investments	**152**	33
Unquoted investments	**30**	31
	182	64

2. The Company has entered into a joint venture with KGS Developers Ltd. in respect of real estate project development, The Company has invested ₹ 85 crore and is entitled to share the Profit / Loss equally. However assets, liabilities, revenue and expenses related to the project are not included in the financial statements of the Company as it does not meet the definition criteria of a JV under AS 27 "Financial Reporting of Interests in Joint Ventures"

15	**Deferred tax:**		
	Deferred tax liability/(asset) included in the balance sheet comprises the following:		
	Deferred tax assets		
	Depreciation on fixed assets	**30**	28
	Accrued Interest / finance on investments	**-**	2
	Provision for Non performing assets/diminution in the value of assets & investments	**61**	52
	straightlining of lease rentals	**2**	1
	Unabsorbed depreciation and carried forward losses as per income tax act,1961	**7**	16
	Employee compensation/ leave encashment	**4**	4
		104	103
	Deferred tax liability		
	Accrued Interest / finance on investments	**4**	-
	Reserve for unexpired risk & others	**6**	4
	Unamortised expenditure	**49**	29
		59	33
	Net deferred tax assets	**45**	70

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012		As at March 31, 2011	
16	**Long-term loans and advances**				
	(a) Capital advances				
	Secured, considered good	**76**		76	
	Unsecured, considered good	**201**		37	
	Considered doubtful	**-**		14	
	Less : Provision for doubtful debts	**-**	**277**	14	113
	(b) Security deposits				
	Unsecured, considered good	**94**		131	
	Unsecured, considered doubtful [₹ 23 10 296 (Previous year ₹ 40 05 456)]	**-**		-	
	Less : Provision for doubtful debts [₹ 23 10 296 (Previous year ₹ 40 05 456)]	**-**	**94**	-	131
	(c) Loans				
	Considered doubtful				
	-Secured	**222**		128	
	-Unsecured	**13**		29	
	Less : Provision for non performing assets and doubtful debts	**38**		28	
		197		129	
	Considered good				
	Related party (Refer Note No. 40)				
	-Secured	**7**		-	
	-Unsecured	**15**		146	
	Others				
	-Secured	**9 443**		8 598	
	-Unsecured	**771**		1 474	
		10 236	**10 433**	10 218	10 347
	(d) Advances (Refer Note No. 2 below)				
	Considered doubtful				
	-Secured	**24**		14	
	-Unsecured	**17**		37	
	Less : Provision for non performing assets and doubtful debts	**13**		30	
		28		21	
	Considered good - Others (Unsecured)	**130**	**158**	285	306
	(e) Other loans and advances				
	- VAT & Service tax credit available	**36**		36	
	- Advance income tax & TDS deducted (net of income tax provision)	**137**	**173**	126	162
			11 135		11 059

Notes:

1. In the opinion of the management, loans and advances, other than doubtful, are considered as good and fully recoverable.
2. Advances includes ₹ 52 crore (Previous year ₹ 227 crore) paid towards share application money .

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012		As at March 31, 2011	
17	**Other non-current assets**				
	(Unsecured, considered good)				
	(a) Other bank balances				
	- In fixed deposit accounts				
	- Under lien (Refer Note No. 1 below)	**259**		289	
	- Other	**1**	**260**	8	297
	(b) Accrued interest / finance income on investments		**764**		949
	(c) Unamortised expenditures				
	Unamortised DSA commission				
	As per last balance sheet	**66**		55	
	Add : Incurred during the year	**57**		45	
	Less : Amortised during the year	**35**		34	
		88		66	
	Less : To be amortised during the next year	**30**		34	
		58		32	
	Unamortised brokerage on borrowings				
	As per last balance sheet	**16**		21	
	Add : Incurred during the year	**75**		12	
	Less : Amortised during the year	**28**		17	
		63		16	
	Less : To be amortised during the next year	**18**		9	
		45		7	
	Unamortised distribution cost				
	As per last balance sheet	**9**		9	
	Add : Incurred during the year (₹ 47 74 581)	**-**		4	
	Less : Amortised during the year	**4**		4	
		5		9	
	Less : To be amortised during the next year	**3**		2	
		2	**105**	7	47
	(d) Repossessed assets	**14**		15	
	Less : Provision for repossessed assets	**2**	**12**	3	12
	(e) Other non current assets		-		11
			1 141		1 316

1. In respect of balances with Scheduled Banks in Fixed Deposit accounts above includes:

 (a) ₹ 256 crore (Previous year ₹ 288 crore) is kept as credit enhancement towards securitisation / assignment transaction, ₹ 3,32,500 (Previous year ₹ 3,32,500) is kept as deposit with sales tax authority, ₹ 5,00,000 (Previous year ₹ 5,00,000) is kept as deposit with the Pension Fund Regulatory and Development Authority (PFRDA) and ₹ 3 crore (Previous year ₹ 8,71,490) is kept as deposit with bank for issuing of Bank Guarantee & Financial institutions.

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012	As at March 31, 2011
18	**Current investments**		
	Investments in equity shares		
	- Unquoted {Nil (Previous year ₹ 10 13 000)}	**-**	-
	Investments in preference shares		
	- Unquoted	**5**	5
	Investments in government or trust Securities		
	- Unquoted	**47**	57
	Investments in debentures or bonds		
	- Unquoted	**1 175**	759
	Investments in mutual funds		
	- Quoted	**474**	1 163
	Other non-current investments		
	- Units of seed/equity fund- unquoted, fully paid-up {Net of Provision of ₹ 1 crore (Previous year Nil)}	**3**	4
		1 704	1 988

Note:

1.	Aggregate value of provision for diminution in value of investments		
	Quoted investments	**-**	-
	Unquoted investments (Previous year ₹ 10 13 000)	**1**	-
		1	-

19	**Inventories**		
	(As certified by management)		
	Stock-in-trade (including securities)	**127**	185
	Stock of Currencies {19 72 539 (Previous year ₹ 20 61 306)}	**-**	-
		127	185
20	**Trade receivables**		
	Unsecured, considered good unless stated otherwise		
	Doubtful debts outstanding for a period exceeding six months from due date	**19**	23
	Less : Provision for doubtful debts	**18**	16
		1	7
	Other debts-unsecured, considered good;	**404**	247
		405	254

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

	As at March 31, 2012		As at March 31, 2011	
21 Cash & bank balances				
(a) Cash & cash equivalents				
Balances with Banks				
- In current accounts	**555**		1 104	
- Fixed Deposits	**75**		79	
Cheques on hand	**23**		2	
Cash on hand	**5**	**658**	5	1 190
(b) Other bank balances				
- Unclaimed dividend accounts		**9**		7
- In fixed deposit accounts				
Less than 12 months				
- Under lien (Refer Note given below)	**160**		145	
- Under margin (Previous year ₹ 5 96 704) (Refer Note given below	**5**		-	
- Other	**82**	**247**	1	146
More than 12 months				
- Under lien (Refer Note given below	**211**	**211**	291	291
		1 125		1 634

Notes:

1. In respect of balances with Scheduled Banks in Fixed Deposit accounts above includes:
 (a) ₹ 99 crore (Previous year Nil) is kept as credit enhancement towards securitisation / assignment transaction
 (b) ₹ 21 crore (Previous year ₹ 10 crore) and ₹ 5 crore (Previous year ₹ 5 crore) placed as margin for the issue of bank guarantee favouring National Securities Clearing Corporation Limited and Bombay Stock Exchange Limited respectively and deposit of ₹ Nil (Previous year ₹ 6,18,656) marked as lien with the President, District Consumer Disputes Redressal Forum, Jaipur-II and National Stock Exchange of India Ltd.
 (c) ₹ 40 crore (Previous year ₹ 11 crore) placed as margin for the issue of bank guarantee favouring Multi Commodity Exchange Limited and National Commodity and Derivative Exchange Limited
 (d) ₹ 211 crore (Previous year ₹ 291 crore) are liened against bank overdraft facility.

22 Short term loans and advances				
(a) Loans				
Unsecured, considered doubtful [₹ 40 72 963 (Previous year ₹ 44 49 884)]	**-**		-	
Less : Provision for non performing assets and doubtful debt [₹ 40 72 963 (Previous year ₹ 44 49 884)]	**-**		-	
	-		-	
Considered good				
Related parties (Refer Note No. 40)				
-Secured	**9**		-	
-Unsecured	**66**		27	
Others				
-Secured	**3 050**		2 923	
-Unsecured	**2 369**	**5 494**	1 452	4 402

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		As at March 31, 2012		As at March 31, 2011	
(b)	Advances				
	Considered good				
	Related parties-unsecured (Previous year ₹ 28 08 283) (Refer Note No. 40)	**4**		-	
	Others				
	-Secured	**45**		22	
	-Unsecured	**179**	**228**	239	261
(c)	Other loans and advances				
	- Deal and fund organisation expenses	**2**		1	
	-VAT & Service tax credit available	**4**		13	
	- Advance income tax & TDS deducted (net of income tax provision)	**4**	**10**	6	20
			5 732		4 683

23	**Other current assets**		
	Interest accrued on loans	**363**	200
	Option premium receivable	**8**	1
	Accrued interest / finance income on investments	**171**	126
	Unamortised DSA commission	**30**	34
	Unamortised brokerage on borrowings	**18**	8
	Unamortised referral fees	**3**	2
		593	371

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		2011-2012		2010-2011	
24	**Revenue from operations**				
	Interest and finance income on:				
	Long term investments	**749**		816	
	Loans	**1 987**		1 360	
	Fixed deposits & others	**86**	**2 822**	56	2 232
	Other financial services				
	Lease Rental income		**17**		2
	Processing fees	**56**		55	
	Less: Service tax recovered	**5**	**51**	5	50
	Profit / (loss) on sale of (Net):				
	Long term investments	**663**		36	
	Current investments	**95**	**758**	55	91
	Investment management and advisory Fees		**30**		39
	Trustee / portfolio management fees		**560**		654
	Commission and brokerage earned		**209**		234
	Premium & commission earned		**1 934**		1 817
	Dividends on long term / current investments		**36**		44
	Profit on securities / commodities		**57**		50
	Premium on loan assignment and securitisation		**4**		-
	Reserve for unexpired risk written back		**-**		139
	Depository participant transaction Charges		**4**		8
	Revenue from speciality services		**-**		1
	Bad debts recovered		**53**		37
	Other operating income		**42**		35
			6 577		5 433
25	**Other income**				
	Exchange difference/ margin on sale of foreign currency (Net)		**4**		2
	Credit balance / excess provision written back		**10**		56
	Profit on sale of fixed assets/write off reversed		**2**		11
	Miscellaneous Income		**34**		34
			50		103
26	**Employee benefit expenses:**				
	Salary and wages		**498**		455
	Contribution to provident fund & other Funds		**23**		18
	Staff welfare expenses		**27**		24
			548		497

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		2011-2012	2010-2011
27	**Finance cost**		
	Interest expense		
	- Debentures	**567**	413
	- Bank loans (Long term & Short term)	**1 203**	579
	- Bank loans (Cash credit)	**27**	12
	- Inter corporate deposits	**5**	5
	- Others	**17**	37
	Other borrowing costs		
	- Discount on commercial papers	**406**	401
	- Amortised brokerage on borrowings	**25**	17
	- Net (gain)/loss on foreign currency transactions and translation [₹ 4 52 850 (Previous year ₹ 15 41 667)]	**-**	-
		2 250	1 464
28	**Other expenses:**		
	Bank charges	**5**	6
	Rentals	**126**	115
	Rates and taxes	**10**	14
	Repairs and maintenance		
	- Buildings	**10**	8
	- Others	**63**	50
	Electricity	**13**	12
	Insurance	**3**	2
	Travelling and conveyance	**28**	28
	Claims incurred (Net)	**1 266**	1 331
	Premium paid on reinsurance ceded	**752**	664
	Reserve for unexpired risk	**21**	-
	Postage, telegram and telephones	**52**	90
	Legal & Professional Fees	**170**	150
	Commission	**118**	75
	Auditors' Remuneration (Refer Note No. 41)	**2**	2
	Loss on securities / commodities	**5**	20
	Sales and marketing expenses	**213**	206
	Employee seminar and training	**7**	5
	Donation	**4**	3
	Directors' sitting fees [₹ 45 22 799 (Previous year ₹ 47 54 185)]	**-**	-
	Amortisation of DSA commission (Refer Note No. 17)	**35**	31
	Amortisation of distribution cost (Refer Note No. 17)	**4**	4
	Provision for investments & NPA, doubtful debts and balances written off *	**252**	223
	Provision and loss on repossessed stock #	**2**	5
	Loss on sale of fixed assets/written off	**-**	3
	Miscellaneous expenses	**95**	188
		3 256	3 235
	Notes:		
	* **Breakup of provision for investments & NPA, doubtful debts and bad debts written off**		
	Provision for diminution in value of Investments	**119**	(11)
	Investments written off	**11**	-
	Provision for NPA and doubtful debts	**(19)**	(29)
	Provision for standard debts	**9**	14
	Bad debts written off	**132**	249
		252	223
	# **Breakup of provision and loss on Repossessed Stock**		
	Provision for repossessed stock (₹ 35 50 183)	**(-)**	(3)
	Loss on Sale of repossessed stock	**2**	8
		2	5

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Notes to Consolidated Financial Statements as at March 31, 2012

29. Security clause / maturity profiles in respect to Secured Loans from banks/Non convertible debentures:

(i) Non convertible debentures (NCDs) referred above are redeemable at par, in one or more installments, on various dates.

(a) NCDs amounting to ₹ 5 crore (Previous year ₹ 225 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the commercial finance division, against security not exceeding ₹ 6 crore (Previous year ₹ 281 crore).

(b) NCDs amounting to ₹ 5,530 crore (Previous year ₹ 5,004 crore) are secured by way of first pari passu legal mortgage and charge over the premises situated at Avdesh House near Pritam Nagar, Ellisbridge, Ahmedabad and additional first pari passu charge by way of hypothecation on business receivables and loan assets of the Company or as may be decided by the Company, against security not exceeding ₹ 6,954 crore (Previous year ₹ 5,254 crore).

(c) The Company is in the process of creating security on the remaining NCDs amounting to ₹ 74 crore (Previous year ₹ 416 crore).

(d) Maturity profile and Rate of interest of Long term Non Convertible Debentures are as set out below:

(₹ in crore)

Rate of Interest	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2021-22	2023-24	Total
8.25%	290	–	–	–	–	–	–	–	–	**290**
8.40%	–	–	25	–	–	–	–	–	–	**25**
8.75%	25	–	–	–	–	–	–	–	–	**25**
8.90%	213	–	–	–	–	–	–	–	–	**213**
9.50%	–	–	10	–	–	–	–	–	–	**10**
9.60%	–	–	19	–	–	–	–	–	–	**19**
9.75%	–	123	–	–	–	–	–	–	–	**123**
10.00%	–	–	–	10	–	–	–	–	–	**10**
10.20%	5	–	–	–	–	–	–	–	–	**5**
10.25%	–	25		–	–	–	–	–	–	**25**
10.28%	–	–	–	–	–	–	15	–	–	**15**
10.33%	–	–	–	–	25	–	–	–	–	**25**
10.35%	108	89	–	–	–	–	–	–	–	**197**
10.40%	–	–	–	105	–	–	–	–	–	**105**
10.50%	–	99	–	500	–	21	–	25	15	**660**
10.55%	65	–	–	–	–	–	–	–	–	**65**
10.60%	–	–	–	–	–	–	–	83	–	**83**
10.65%	–	10	–	–	–	8	–	–	–	**18**
10.75%	–	19	–	–	–	–	–	367		**386**
11.00%	70	–	–	300	–	–	–	–	–	**370**
11.20%	150	–	–	–	–	–	–	–	–	**150**
11.60%	100	–	–	–	–	–	–	–	–	**100**
11.65%	50	50	–	–	–	–	–	–	–	**100**
12.00%	50	–	–	–	–	–	–	–	–	**50**
MLD	4	33	26	–	–	–	–	–	–	**63**
TOTAL	**1 130**	**448**	**80**	**915**	**25**	**29**	**15**	**475**	**15**	**3 132**

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Notes to Consolidated Financial Statements as at March 31, 2012

(ii) Term Loans from banks above includes :

(a) Term Loans from banks includes ₹ 7,735 crore (Previous year ₹ 7,524 crore) are secured by pari passu first charge on all present and future book debts, receivables, bills, claims and loan assets of the Company's commercial finance division.

(b) Term Loans from Bank and current maturity of loan term debts of Reliance Home Finance Ltd. (RHFL):

(i) Term loan ₹ 1,524 crore (Previous year ₹ 1,400 crore) secured by pari passu first charge in favour of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, except for those book debts/receivables to be charged in favour of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 1,708 crore (Previous year ₹ 1,540 crore).

(ii) Term loan ₹ 100 crore (Previous year ₹ 200 crore) secured by pari passu first charge in favour of the lender on all the standard book debts, outstanding moneys, receivable claims of RHFL, except for those book debts/receivables to be charged in favour of National Housing Bank for refinance to be availed, if any, from them, against security not exceeding ₹ 110 crore (Previous year ₹ 220 crore)

(iii) Term loan ₹ 250 crore (Previous year ₹ 100 crore) secured by pari passu first charge in favour of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, against security not exceeding ₹ 275 crore (Previous year ₹ 120 crore).

(iv) Term loan ₹ 180 crore (Previous year ₹ 100 crore) secured by pari passu first charge in favour of the lender on all the book debts, outstanding moneys, receivable claims of RHFL, against security not exceeding ₹ 216 crore (Previous year ₹ 120 crore).

(c) Maturity profile of Long term loans from banks are as set out below :

(₹ in crore)

	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Term Loan from Banks	2 992	2 603	2 376	756	50	8 777

(iii) Maturity profile of Long term Inter corporate Deposits are as set out below :

(₹ in crore)

Rate of Interest	2013-14	2014-15	Total
5.00%	-	3	**3**
5.50%	2	-	**2**
8.00%	-	12	**12**
Total	**2**	**15**	**17**

30 Profit on Sale of Subsidiaries and Amalgamation adjustments:

(₹ in crore)

	2011-12	2010-11
Profit /(Loss) on sale of subsidiaries	**(1)**	49
Amalgamation Adjustments (Refer Note (i) and (ii) given below)	**-**	15
Total	**(1)**	64

Notes:

(i) Amalgamation Adjustments refer above includes Nil (Previous year ₹ 8 crore) on account of difference between unaudited and audited financial of Reliance Equities International Pvt. Ltd. considered in the financial year 2009-10 and financial year 2010-11 after the amalgamation.

(ii) Amalgamation Adjustments refer above includes Nil (Previous year ₹ 7 crore) on account of difference between financial before demerger and after merger of pharma division of Medybiz Pvt. Ltd.

31 Scheme of Amalgamation & Arrangement

A) I Between Viscount Management Services (Alpha) Limited and Reliance Capital Limited

The Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 between Company and Viscount Management Services (Alpha) Limited (VMSAL) has been sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated January 20, 2012. The scheme has become effective on March 12, 2012 on filing with the Registrar of Companies (RoC) with effect from October 1, 2011 i.e. Appointed Date.

VMSAL was incorporated with the main object of business consultancy service. The amalgamation has been accounted for under the "Purchase method" as prescribed by Accounting Standard (AS) 14 on "Accounting for Amalgamation"

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notified under the Companies (Accounting Standards) Rules, 2006. The Company has carried out the accounting treatment prescribed in the Scheme as sanctioned by the Hon'ble High Court of Judicature at Bombay. The required disclosures as per paragraph 42 of Accounting Standard 14 (AS 14) 'Accounting for Amalgamations' as prescribed under the Companies (Accounting Standards) Rules, 2006 has been provided.

Hence, in accordance with the Scheme:-

(i) Before Scheme becomes effective the entire issued, subscribed and paid up share capital was held by the Company. No shares of the Company have been allotted in lieu or exchange of its holding in VMSAL and share capital of VMSAL stand cancelled.

(ii) On Scheme becoming effective with effect from Appointed Date, the Company has recorded all the assets aggregating to ₹ 5,839 crore and liabilities aggregating to ₹ 1,385 crore as appearing in the books of VMSAL at their respective fair value as decided by the Board of Directors of the Company. The net assets taken over include:

Assets / Liabilities Taken Over	(₹ in crore)
Assets	
Investments	5 839
Cash in Hand (₹ 2 053)	-
Balance with Schedule Bank (₹ 3 529)	-
Taxes Paid (₹ 12 364)	-
Total	5 839
Liabilities	
Optionally Convertible Preference Share Capital and premium payable on redemption ₹ 204 crore	211
Zero Coupon Optionally Fully Convertible Debenture and premium payable on redemption ₹ 321 crore	1 174
Short Term Provision (₹ 27 575)	-
Total	1 385
Excess of Assets over liabilities credit to General Reserve	4 454

(iii) All Inter-company balances including liabilities on account of debentures and inter- company investments amounting to ₹ 1,385 crore on appointed date stand cancelled. The excess amount of investments amounting to ₹ 679 crore has been debited to general reserve toward inter- company investments cancellation.

(iv) Difference aggregating to ₹ 3,774 crore after recording both above said items being the excess arising on transfer of assets and liabilities has been credited to General Reserve.

(v) Difference in accounting method between the Company and VMSAL amounting to ₹ 62 crore has been credited to General Reserve pursuant to the Scheme.

Had the Scheme not prescribed the above accounting treatments, the difference of ₹ 3,837 crore would have been credited to Capital Reserve instead of General Reserve and General Reserve would have been lower by equivalent amount.

II During the year Nippon Life Insurance Company (NLIC) has acquired 26 per cent equity shareholding in Reliance Life Insurance Company Limited, in terms of share subscription & share purchase agreement entered into between the Company, Viscount Management Services (Alpha) Limited (VMSAL), Viscount management Services Limited (VMSA), Reliance Life Insurance Company Limited (RLIC) and Nippon Life Insurance Company (NLIC).

B) Between Reliance Commercial Finance Private Limited and Reliance Capital Limited :

During the previous year, pursuant to the Scheme of Amalgamation ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of judicature at Bombay vide order dated April 29, 2011, filed with the Registrar of Companies on May 18, 2011, Reliance Commercial Finance Pvt. Ltd., wholly owned subsidiary of the Company, was amalgamated into the Company with effect from April 1, 2010 i.e., the Appointed Date and in accordance with the provisions of the said Scheme:

a) The Company has recorded all necessary accounting effects in the previous year, along with the requisite disclosure in the notes to the accounts and created General Reserve amounting to ₹ 1,04,484.

b) During the year the loss on sale of long term investments amounting to ₹ 149 crore determined as an exceptional item by the Board of Directors of the Company has been debited in the statement of profit and loss for the year ended March 31, 2012. As per the Scheme and legal opinion obtained by the Company equivalent amount has been withdrawn from General Reserve to adjust the same and credited to the Statement of Profit and Loss, which has been disclosed accordingly and is in compliance with Revised Schedule VI of the Companies Act, 1956. Had such losses not been met from General Reserve, the Company would have reflected a profit before tax of ₹ 370 crore and Profit after tax for the year would have been ₹ 309 crore.

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C) In the financial year 2010-11 between Reliance Money Infrastructure Limited (RMIL) and Reliance Capital Asset Management Limited (RCAM):

a) Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956, as sanctioned by the Hon'ble High Court of Gujarat vide Order dated January 13, 2011 and filed with the Registrar of Companies on February 17, 2011, infrastructure division of RMIL, engaged in infrastructure business has been demerged into the RCAM with effect from February 17, 2011 i.e., the Appointed Date.

b) Upon Scheme become effective effects have been incorporated in the accounts under purchase method of accounting and RCAM recorded in its books all assets & liabilities pertaining to infrastructure division appearing in the books of RMIL as on the appointed date at their respective carrying values i.e Fixed Assets ₹ 5 crore, Current Assets ₹ 70 crore and Liabilities (unsecured loan) ₹ 75 crore. In terms of the Scheme preference shares of face value ₹ 10,00,000 of RCAM were issued and allotted to the preference shareholders of RMIL on proportionate basis. The difference of ₹ 20,00,000 between the consideration and the value of net identifiable assets has been charged from brought forward profit as on April 1, 2010 as mentioned in the Scheme

D) In the financial year 2010-11 between Medybiz Pvt. Ltd. and Medi Assist India TPA Pvt. Ltd.(Mediassist) :

a) Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Karnataka vide Order dated February 11, 2010 and filed with the Registrar of Companies (RoC) on June 16, 2010, pharma division of Medybiz Pvt. Ltd. engaged in pharma business has been demerged into Mediassist with effect from April 1, 2008 i.e., the Appointed Date.

b) Upon the Scheme becoming effective, Mediassist, under purchase method of accounting, recorded in its books all assets & liabilities pertaining to pharma division appearing in the books of Medybiz Pvt. Ltd. as on the appointed date at their respective carrying values i.e. Fixed Assets. ₹ 25,00,000, Current Assets ₹ 1 crore, Unsecured loan ₹ 4 crore and Current Liabilities ₹ 1 crore. In terms of the Scheme Mediassist allotted 12,370 equity shares of ₹ 10 each as fully paid up to shareholders of the Medybiz and Excess of liabilities over net assets acquired for the Company (Medybiz - Pharma Division) amounting to ₹ 3 crore have been transferred to Goodwill account.

E) In the financial year 2010-11 between Reliance Equities International Pvt. Ltd. and Quant Broking Pvt. Ltd.(Quant) :

a) Pursuant to the Scheme of Arrangement ("the Scheme") under Sections 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of judicature at Bombay vide Order dated June 14, 2010 and filed with the Registrar of Companies (RoC) on July 08, 2010, Brokerage and Financial Services business of Reliance Equities International Pvt. Ltd. ("REIPL") engaged in financial services has been demerged into the Quant with effect from April 1, 2009 i.e.,the appointed date.

b) Upon the Scheme becoming effective, Quant under purchase method of accounting, recorded in its books all assets & liabilities pertaining Brokerage and Financial Services Business appearing in the books of Reliance Equities International Pvt. Ltd. as on the appointed date at their respective carrying values i.e. Assets ₹ 46 crore and liabilities ₹ 22 crore in terms of the Scheme in respect of 1500 equity shares of ₹ 10 each fully paid up held by shareholders in REIPL, one 9% non cumulative non convertible preference share of Quant Broking Pvt. Ltd. of ₹ 10 each fully paid up were allotted. The difference of ₹ 24 crore between the consideration and the value of net identifiable assets has been debited to Securities Premium as on April 1, 2010 as mentioned in the Scheme.

32 a) The group sells loans through securitisation and direct assignment. The information related to securitisation and assignment made by the group during the year, as an originator is given below:

(₹ in crore)

		Securitisation	Assignment	Total
Total number of loan assets securitised / assigned	(Nos.)	**-**	**16 392**	**16 392**
		(16 890)	(3 219)	(20 109)
Total book value of loan assets securitised / assigned (Net of Provisions, if any)	(₹)	**-**	**1 293**	**1 293**
		(906)	(148)	(1 054)
Sale consideration received for the securitised / assigned assets	(₹)	**-**	**1 297**	**1 297**
		(906)	(148)	(1 054)
Net gain on account of securitisation / assigned	(₹)	**-**	**4**	**4**
		(-)	(-)	(-)
Outstanding credit enhancement (funded) as at March 31, 2012	(₹)	200	154	354
		(268)	(20)	(288)
Outstanding liquidity facility	(₹)	**-**	**-**	**-**
		(-)	(-)	(-)
Net Outstanding Servicing Liability as at March 31, 2012	(₹)	**28**	**83**	**111**
		(66)	(44)	(110)

Note : Figures in bracket indicate previous year figures.

b) The Group invests in Pass Through Certificates (PTCs) and purchases loans through the direct assignment route. In some of the securitisation transactions, the Company also has invested in the assets securitised by it, which, however, is restricted to the maximum limit prescribed by RBI from time to time.

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Notes to Consolidated Financial Statements as at March 31, 2012

33 Goodwill on Consolidation of Subsidiaries

The Company has acquired 51.79 per cent shareholding in one company through its subsidiary (Previous year 100 per cent shareholding of three companies and 74 per cent of one company) during the year. On Consolidation, the Company has recognised the following goodwill :

(₹ in crore)

	2011-12	2010-11
Opening balance of goodwill/(capital reserve) on consolidation of subsidiaries	**53**	(2)
Add : Goodwill/(capital reserve) on acquisition of subsidiaries	**(6)**	60
Less : Goodwill on sale of investments in subsidiaries (₹ 1 69 840)	**-**	5
Closing balance of goodwill/(capital reserve) on consolidation of subsidiaries	**47**	53

34 Employees Stock Option Plan (ESOP) :

A) Reliance Capital Limited (the Company)

The Company operates two Employee Stock Option Plans; ESOS Plan A and ESOS Plan B introduced in the financial year 2009-10, which cover eligible employees of the Company, the Holding Company and its subsidiaries. The vesting of the options is from expiry of one year and ranges till four to five years as per Plan under the respective ESOS(s). Each Option entitles the holder thereof to apply for and be allotted / transferred one Equity Share of the Company of ₹ 10 each upon payment of the exercise price during the exercise period. The Company implements and manages the ESOS plan through a trust. Advance of ₹ 130 crore (Previous year ₹ 130 crore) has been granted to Trust. Out of the said advance Trust has purchased 16,00,000 (Previous year 16,00,000) Equity Shares on account of ESOS upto March 31, 2012.

Details of scheme of Employee Stock Option Plans are as under :

	Plan A	Plan B
Date of grant	February 1, 2010	February 1, 2010
Prices of the underlying stock (₹)	790	790
Exercise / strike price	800	800

The fair value of the options granted was estimated on the date of grant using the Black Scholes Model with the following assumptions:

	Plan A	Plan B
Risk Free interest rate	7.01%- 7.27%	7.01%- 7.34%
Expected dividend yield	0.62%	0.62%
Expected life (years)	5.5 to 7.0	5.5 to 7.5
Expected volatility	61.23% to 64.04%	59.56% to 64.04%
Weighted average fair value (₹)	536	546

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

	Plan A	Plan B
	No. of Stock Options	No. of Stock Options
Outstanding at the beginning of the year	3 66 400	3 68 700
Granted	Nil	Nil
Exercised	Nil	Nil
Lapsed / Forfeited	18 500	18 600
Outstanding at the end of the year	3 47 900	3 50 100
Exercisable at end of the year	1 39 160	70 020

The Company has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (Previous year ₹ Nil). Had the company adopted fair value method the net results for the year would have been lower by ₹ 9 crore (Previous year ₹ 14 crore) [net of tax saving ₹ 7 crore (Previous year ₹ 14 crore)] and accordingly EPS (both Basic and Diluted) would have been lower by ₹ 0.28 (Previous year ₹ 0.57).

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Notes to Consolidated Financial Statements as at March 31, 2012

B) Reliance Capital Asset Management Limited (RCAM)

(i) Pursuant to the shareholder's resolution dated September 20, 2007 RCAM introduced Employee Stock Option Plan I - 2007 under which RCAM may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria. During the year the Plan has been amended and restated vide shareholder's resolution dated February 3, 2011.

(ii) On December 21, 2007, RCAM issued 2,00,000 equity shares at a price ₹ 2,000 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust pursuant to the above Plan.

(iii) Pursuant to the shareholder's resolution dated February 3, 2011, RCAM introduced Employee Stock Option Plan II - 2011 under which RCAM may grant options to its employees from time to time. The grant of options to the employees under the ESOP scheme is on the basis of their performance and other eligibility criteria.

(iv) On March 30, 2011, RCAM issued 50,000 equity shares at a price ₹ 3,009 per equity share to the Trust, Reliance Capital Asset Management Employee Benefit Trust.

(v) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of vesting. The options existing during the year are as follows:

a) year 2007 - Grant Date September 28, 2007

The option under ESOP I - 2007 at an exercise price of ₹ 2,000 per share and vest on a graded basis, on completion of 3 years - 30%, on completion of 4 years - 30%, on completion of 5 years - 40%.

b) year 2008 - Grant Date November 13, 2008

The option under ESOP I - 2007 at an exercise price of ₹ 7,989.10 per share and vest on a graded basis, on completion of 3 years - 30%, on completion of 4 years - 30%, on completion of 5 years - 40%.

c) year 2011 - Grant Date March 30, 2011

The option under ESOP I - 2007 at an exercise price of ₹ 3,009 per share and vest on a graded basis, on completion of 1 year - 30%, on completion of 2 years - 30%, on completion of 3 years - 40%.

d) year 2011 - Grant Date March 30, 2011

The option under ESOP I - 2007 and Plan II-2011 at an exercise price of ₹ 3,009 per share and vest on a graded basis, on completion of 1 year - 10%, on completion of 2 years - 10%, on completion of 3 years - 20%, on completion of 4 years - 20%, on completion of 5 years - 40%.

(vi) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

	As of March 31, 2012		As of March 31, 2011	
	No of stock options	**Weighted average exercise Price (₹)**	No of stock options	Weighted average exercise Price (₹)
Number of shares under option:				
year 2007				
Outstanding at beginning of year	**69 650**	**2 000**	71 125	2 000
Granted/Exercised	**Nil**	**Nil**	Nil	Nil
Cancelled or expired	**5 850**	**2 000**	1 475	2 000
Outstanding at the year end	**63 800**	**2 000**	69 650	2 000
Exercisable at end of year	**38 280**	**2 000**	20 895	2 000
year 2008				
Outstanding at beginning of year	**Nil**	**Nil**	39 550	7 989
Granted/Exercised	**Nil**	**Nil**	Nil	Nil
Cancelled or expired *	**Nil**	**Nil**	39 550	7 989
Outstanding at the year end	**Nil**	**Nil**	Nil	Nil
Exercisable at end of year	**Nil**	**Nil**	Nil	Nil
year 2011				
Outstanding at beginning of year	**38 050**	**3 009**	Nil	Nil
Granted/Exercised	**Nil**	**Nil**	38 050	3 009
Cancelled or expired	**4 000**	**-**	Nil	Nil
Outstanding at the year end	**34 050**	**3 009**	38 050	3 009
Exercisable at end of year	**10 215**	**3 009**	Nil	Nil
year 2011				
Outstanding at beginning of year	**1 39 800**	**3 009**	Nil	Nil
Granted/Exercised	**Nil**	**Nil**	1 39 800	3 009
Cancelled or expired	**7 725**	**-**	NIL	NIL
Outstanding at the year end	**1 32 075**	**3 009**	1 39 800	3 009
Exercisable at end of year	**13 208**	**3 009**	Nil	Nil

* Cancelled during the year vide Board Resolution dated 2 February 2011

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(vii) The fair value of the options granted was estimated on the date of grant using the Black- Scholes model with the following assumptions

	year ended March 31, 2012	year ended March 31, 2011
Risk Free Interest Rate	**8%**	8%
Expected Life	**7 years**	7 years
Dividend yield	**-**	-

(viii) RCAM has chosen to account for the Plan by the Intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per Intrinsic Value Method is ₹ Nil (previous year ₹ Nil). The net results for the period, had the Company adopted the Fair Value Method, would have been lower by ₹ 19 crore (net of tax saving ₹ 15 crore) and accordingly basic and diluted EPS would have been lower by ₹ 14.74 and ₹ 14.60 respectively.

C) In case of Reliance General Insurance Company Limited (RGIC)

RGIC had introduced the Employee Stock Option Plan during the F. Y. 2008-09 under which options were granted to the employees of RGIC on the basis of their performance and other eligibility criteria. During the year RGIC granted Nil equity shares (Previous year Nil) to Reliance General Insurance Employees' Benefit Trust. These options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. Exercised Period on completion of 3 years -30%, on completion of 4 years -30%, on completion of 5 years -40%,

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows

Particulars	**As of March 31, 2012**			As of March 31, 2011		
	No of stock options	**Weighted average exercise Price (₹)**	**Weighted average remaining contractual Life (in years)**	No of stock options	Weighted average exercise Price (₹)	Weighted average remaining contractual Life (in years)
Outstanding at beginning of year	**5 24 600**	**70**	**4.46**	6 64 300	70	4.46
Granted	**Nil**	**Nil**	**Nil**	Nil	Nil	Nil
Exercised	**Nil**	**Nil**	**Nil**	Nil	Nil	Nil
Lapsed / Forfeited	**64 700**	**Nil**	**Nil**	1 39 700	Nil	Nil
Outstanding at the year end	**4 59 900**	**70**	**Nil**	5 24 600	70	Nil
Exercisable at end of year	**4 59 900**	**70**	**Nil**	5 24 600	70	Nil

RGIC has chosen to account for the plan by Intrinsic Value Method. The total expense recognised for the year arising from stock option plan as per intrinsic value method is ₹ Nil (Previous year Nil) The net results and Earning Per Share (EPS) for the year, had RGIC adopted the fair value method, would have been unchanged.

D) In case of Reliance Securities Limited (RSL)

(i) Pursuant to the board members, resolution dated October 24, 2007, RSL introduced the Employee Stock Option Plan under which RSL decided to grant, from time to time, options to the employees of RSL.

(ii) On October 1, 2009, RSL issued a total of 1,00,000 equity shares at a price ₹ 50 per equity share to the Trust, Reliance ADA Group Trustees Private Limited as Trustees of Reliance Securities Limited Employee Benefit Trust.

(iii) All above options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:

a) Employee Stock Option Plan Plan – IB, 2009 Plan

The option under this plan has an exercise price of ₹ 50 per share and vest on a graded basis on completion of 3 years - 30%, on completion of 4 years - 30%, on completion of 5 years - 40%.

(iv) The information concerning stock options granted, exercised, forfeited and outstanding at the year-end is as follows:

	As of March 31, 2012		**As of March 31, 2011**	
	No of stock options (Shares in thousands)	**Weighted average exercise Price (₹)**	**No of stock options (Shares in thousands)**	**Weighted average exercise Price (₹)**
IB, 2009				
Outstanding at beginning of year	**64 600**	**50**	64 600	50
Granted	**Nil**	**-**	Nil	-
Exercised	**Nil**	**-**	Nil	-
Cancelled or expired	**9 800**	**-**	Nil	-
Outstanding at the year end	**54 800**	**50**	64 600	50
Exercisable at end of year	**54 800**	**50**	64 600	50

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(v) The fair value of the options granted was estimated on the date of grant using the Black- Scholes model with the following assumptions

	year ended March 2012
Risk free interest rate	6.68%
Expected life	7 years
Dividend yield	-

(vi) RSL has chosen to account for the Plan by the intrinsic Value Method. The total expense recognised for the period arising from stock option plan as per intrinsic value method is ₹ NIL. The net results for the year, had RSL adopted the fair value method, would have been lower by ₹ 0.02 crore (Previous year ₹ 0.07 crore){ net of tax saving ₹ 0.01 crore(Previous year ₹ 0.03 crore) }and accordingly the EPS (both basic and diluted) would have been lowered by ₹ 0.10 (Previous year ₹ 0.20).

35 In case of Reliance Money Express Limited (RMEL)

a) In the year 2008-2009, RMEL had claimed service tax refund of ₹ 7 crore pertaining to period March 2005 to January 2009, pursuant to circular No.111/05-2009 dated 24/02/2009 issued by Central Board of Excise and Customs (CBES) in respect of money transfer services. During the year 2009-2010, RMEL had received ₹ 3 crore towards service tax refund claim for the period December 2007 to January 2009. During the year 2010-2011, the Company received a show cause notice dated January 27, 2011 reclaiming the refund granted. Further, RMEL has received a show cause cum demand notice dated March 22, 2011 demanding service tax aggregating ₹ 3 crore (excluding interest and penalty) for the period October 2009 to September 2010.

The Management is of the opinion that the money transfer services are construed as 'export' of services and hence not liable to service tax. Accordingly, no provision for the same has been made in the financial statements.

b) During the financial year 2009-10, the Directorate of Enforcement (DoE) seized foreign currency amounting to ₹ 3 crore. Based on investigations conducted by the DoE and documents furnished by RMEL the DoE department released foreign currency worth ₹ 3 crore) to RMEL in the financial year 2009-10. RMEL is confident of getting back the balance currency worth ₹ 15,24,000.

36 In case of Indian Commodity Exchange Limited ('ICEX') :

As per share sale & purchase agreement dated October 13, 2010 between Indiabulls Financial Services Limited ("IBFSL") and Reliance Exchangenext Limited ('the subsidiary'), the subsidiary had acquired 5,20,00,000 equity shares of Indian Commodity Exchange Limited ('ICEX') from IBFSL, representing 26 per cent stake of ICEX on December 13, 2010.

Government of India and Forward Markets Commission granted their approval vide their letters dated September 23, 2010 & October 04, 2010 respectively, for the said transfer of shares by IBFSL to the subsidiary. The aforesaid approval is subject to, inter alia, three years lock-in period applicable to the subsidiary as a co-anchor investor, with effect from the date of Government approval, i.e., September 23, 2010.

On October 21, 2011, MMTC Ltd. submitted a petition before the Company Law Board, New Delhi, in terms of Sections 397, 398, 402 and 403 of the Companies Act, 1956, making ICEX, IBFSL & the subsidiary as respondents, seeking, inter alia, declaration of the aforesaid transfer of shares as void.

The petition pending for admittance before the Honourable Company Law Board. The matter is under consideration by the Company Law Board (CLB), any further impact on the financial Statements is contingent upon the final order by the CLB.

37 In case of Reliance Capital Asset Management Limited (RCAM) :

Brokerage

With effect from April 1, 2011, RCAM has decided to recognise the brokerage paid towards mobilisation of close ended schemes based on Company's Assessment of the period for which services are rendered. In case RCAM had not changed the accounting policy, the total expenses for the year would have been higher by ₹ 18 crore and profit before tax and prepaid expenses for the year would have been lower by the same amount.

38 In case of Reliance General Insurance Company Ltd (RGIC)

(a) As per IRDA circular No IRDA/F&A/CIR/49/ Mar-09 dated March 24, 2009 and IRDA/F&I/CIR/F&A/015/02/2011 dated February 2, 2011 in respect of Health segment, the Unexpired Risk Reserve (URR) has been created on the basis of 1/365 method which is less than as provided under Section 64V(1)(ii)(b) of the Act, due to which it is resulting in an

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accounting surplus amounting to ₹ 10 crore (Previous year ₹ 10 crore) and as per circular the said amount needs to be transferred to the Contingency Reserve and such accounting surplus shall not be available for distribution to the shareholders without the explicit approval of the Authority. Due to unavailability of profits, the said reserve has not been created.

(b) **Indian Motor Third Party Insurance Pool (IMTPIP)**

In accordance with the directions of IRDA, General Insurance Companies, together with other insurance companies, participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India ('GIC'). The IMTPIP covers reinsurance of third party risks of specified motor vehicles ("Specified Risks"). Amounts collected as premium in respect of Specified Risks are ceded at 100 per cent of such premium, 100 per cent of claims incurred against risks ceded being recoverable from the pool.

In accordance with the terms of the agreement, each participant general insurance company is compulsorily required to share in the revenues, expenses, assets and liabilities of the IMTPIP, including Unexpired Risks Reserve, in the proportion that the company's Gross Direct Premium written in India (GDPI), bears to the total GDPI of all participant companies. The Reliance General Insurance Company Limited ('RGIC') share as specified above is recorded based on the returns submitted by GIC, under the respective heads.

IRDA through its orders dated December 23, 2011, January 3, 2012 and March 22, 2012 has directed the dismantling of the Pool on a clean cut basis and advised recognition of the Pool liabilities as per loss ratios estimated by Government's Actuary Department UK ("GAD Estimates") at 159 per cent, 188 per cent, 200 per cent and 213 per cent, for underwriting year 2007-08, 2008-09, 2009-10 and 2010-11 respectively and for the current year at 145 per cent with the option to recognise the additional liabilities for the period 2009-10, 2010-11 and 2011-12 over a three year period, RGIC has exercised this option and IMTPIP liability relating to underwriting years 2009-10, 2010-11, 2011-12 has been recognised for ₹ 101 crore based on straight line basis over three years beginning with financial year March 31, 2012 and additional IMTPIP liability of ₹ 116 crore relating to underwriting years 2007-08 and 2008-09 has been accounted for and recognised in full in the financial year ending March 31, 2012. Further, RGIC has received unaudited statements from GIC for the period starting from March 1, 2011 till February 28, 2012, working out ultimate loss ratios as mentioned above. Accordingly, during the year RGIC has accounted for its share in total operating loss, which amounted to ₹ 217 crore, including ₹ 167 crore, being additional underwriting loss for the period 2007-08 to 2011-12. Transitional liabilities that remain unrecognised as on March 31, 2012 is ₹ 126 crore.

The business (Gross Written Premium) transacted on account of pool is amounting to ₹ 328 crore during the period March 1, 2011 to February 28, 2012 and investment of the pool fund as on February 28, 2012 is ₹ 533 crore.

(c) IRDA has conducted inspection on the financial condition and market conduct of RGIC and has issued an order under section 33 of the Insurance Act, 1938 on strengthening of reserves by ₹ 535 crore, infusion of fresh capital of ₹ 598 crore to achieve solvency of 1.30, creation of data deficiency reserve and operational risk reserve of ₹ 1 crore and other matters including strengthening of systems and procedures.

In order to comply with the said order, RGIC has taken the following steps during the financial year 2011-12:

i) Infused fresh capital of ₹ 443 crore and achieved solvency margin of 1.39.

ii) Created additional reserve of ₹ 10 crore towards data deficiency reserve and operational risk reserve.

iii) Upgraded the reserves progressively and made IBNR provision based on valuation conducted by the appointed actuary as of March 31, 2012, which in the opinion of RGIC reflects the adequate position of the reserves.

iv) Complied with other matters including significant strengthening of systems and procedures of the order

As the order was based on assessment upto the financial year 2010-11, considering the lapse of time and changed position, the company has requested vide its letter dated March 2, 2012 to the Authority, to conduct a fresh review of the claims reserve as on March 31, 2012 on a similar line by any agency as the authority deem fit.

d) Basis used by actuary for determining IBNR / IBNER.

The liability for IBNR claims including IBNER (excluding IMTPIP) for the year ending March 31, 2012 has been estimated by the appointed actuary incompliance with guidelines issued by IRDA vide Circular no. 11/IRDA/ACTL/IBNR/2005-06.

The appointed actuary has adopted the basic paid chain ladder method for line of business where claims development in past years is considered to be representative of future claim development except for Motor TP (excluding IMTPIP) for which ultimate loss ratio method has been followed.

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Notes to Consolidated Financial Statements as at March 31, 2012

39 The Group is organised into following reportable segments referred to in Accounting Standard (AS 17) "Segment Reporting"

(₹ in crore)

	Finance & Investments	Asset Management	General Insurance	Commercial Finance	Others	Elimination	Total
Revenue							
External	**1 658**	**508**	**2 183**	**1 945**	**333**	**-**	**6 627**
	(1 021)	(658)	(2 178)	(1 374)	(305)	(-)	(5 536)
Inter Segment	**51**	**57**	**9**	**-**	**15**	**132**	**-**
	(68)	(3)	(3)	(-)	(13)	(87)	(-)
Total Revenue	**1 709**	**565**	**2 192**	**1 945**	**348**	**132**	**6 627**
	(1 089)	(661)	(2 181)	(1 374)	(318)	(87)	(5 536)
Results							
Segment Results - Profit / (Loss) before Tax	370	210	(342)	254	28	-	520
	(120)	(224)	-(310)	(269)	-(7)	(-)	(296)
Unallocated Expenses							1
							(6)
Profit / (Loss) before Tax	**370**	**210**	**(343)**	**254**	**28**	**-**	**519**
	(120)	(224)	-(310)	(269)	-(7)	(-)	(290)
Other information							
Segment Assets	**20 284**	**347**	**3 081**	**14 375**	**1 248**	**4 194**	**35 141**
	(17 151)	(336)	(2 541)	(13 768)	(1 439)	(3 291)	(31 944)
Unallocated Assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Asset	**20 284**	**347**	**3 081**	**14 375**	**1 248**	**4 194**	**35 141**
	(17 151)	(336)	(2 541)	(13 768)	(1 439)	(3 291)	(31 944)
Segment Liabilities	**9 421**	**311**	**2 360**	**11 893**	**630**	**1 171**	**23 444**
	(10 222)	(321)	(1 920)	(11 579)	(828)	(735)	(24 135)
Unallocated Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Liabilities	**9 421**	**311**	**2 360**	**11 893**	**630**	**1 171**	**23 444**
	(10 222)	(321)	(1 920)	(11 579)	(828)	(735)	(24 135)
Capital Expenditure	**57**	**5**	**7**	**53**	**7**	**-**	**129**
	(3)	(14)	(8)	(40)	(11)	(-)	(76)
Depreciation	**11**	**10**	**12**	**14**	**7**	**-**	**54**
	(10)	(12)	(18)	(5)	(5)	(-)	(50)
Non Cash Expenses other than Depreciation	**149**	**9**	**21**	**96**	**-**	**-**	**275**
	(18)	(-)	(14)	(166)	(32)	(-)	(230)

Figures in bracket indicates previous year figures.

Note:-

(i) As per Accounting Standard (AS-17) on "Segment Reporting", notified by the Companies (Accounting Standards) Rules 2006, the Group has reported segment information on the consolidated basis including business conducted through its subsidiaries.

(ii) The reportable segments of the Group are further described below

(a) Finance & Investments - This includes the corporate lending and investment activities.

(b) Asset Management - This includes the asset management activities including Mutual Fund and Portfolio Management Services.

(c) General Insurance - This includes the general insurance business.

(d) Commercial Finance - This includes the commercial finance and mortgage business.

(e) Others - This includes other financial and allied services.

iii) Since all the operations of the Group are largely conducted within India, as such there is no separate reportable geographical segment.

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Notes to Consolidated Financial Statements as at March 31, 2012

40 Related party disclosures:

A. List of Related parties and their relationship:

i) **Holding Company**

Reliance Innoventures Private Limited

ii) **Subsidiary of Holding Company**

AAA Enterprises Private Limited

iii) **Individual Promoter**

Shri Anil D. Ambani, the person having control during the year

iv) **Associates**

Ammolite Holdings Limited	Indian Commodity Exchange Limited
Reliance Asset Reconstruction Company Limited	Reliance Land Private Limited
Reliance Life Insurance Company Limited (with effect from October 01, 2011)	Reliance Share & Stock Brokers Private Limited

v) **Fellow subsidiaries**

Big Flicks Private Limited	Jump Games Private Limited
Reliance Big Entertainment Private Limited	Reliance Communications Infrastructure Limited
Reliance Communications Limited	Reliance Infocomm Infrastructure Limited
Reliance Webstore Limited	Zapak Digital Entertainment Limited

vi) **Key management personnel**

Shri V. R. Mohan – President & Company Secretary

B. Others related parties with whom transactions have taken place during the year:

i) Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited

C. Transactions during the year with related parties:

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
Debentures			
a) Issued during the year	**-**	**25**	**25**
	(-)	(-)	(-)
b) Balance as at March 31, 2012	**-**	**25**	**25**
	(-)	(-)	(-)
c) Accrued interest on debentures as at March 31, 2012 (₹ 23 56 164)	**-**	**-**	**-**
	(-)	(-)	(-)
Commercial Papers			
a) Issued during the year	**-**	**682**	**682**
	(-)	(-)	(-)
b) Repaid during the year	**-**	**299**	**299**
	(-)	(-)	(-)
c) Balance as at March 31, 2012	**-**	**482**	**482**
	(-)	(-)	(-)
Investments			
a) Subscribed during the year	**11**	**125**	**136**
	(-)	(77)	(77)
b) Balance as at March 31, 2012	**1 700**	**4 367**	**6 067**
	(1 477)	(525)	(2 002)
Interest / Finance income on investments			
a) Balance as at March 31, 2012	**290**	**125**	**415**
	(170)	(61)	(231)
Loans to others			
a) Given during the year	**86**	**19**	**105**
	(27)	(128)	(155)
b) Returned during the year	**49**	**150**	**199**
	(-)	(10)	(10)

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

	Fellow Subsidiaries	Associates	Total
c) Balance as at March 31, 2012	**63**	**34**	**97**
	(27)	(146)	(173)
Trade Receivables			
a) Balance as at March 31, 2012	**1**	**-**	**1**
	(3)	(-)	(3)
Advances			
a) Balance as at March 31, 2012	**-**	**4**	**4**
	(1)	(-)	(1)
Trade Payables			
a) Balance as at March 31, 2012 [₹ 4 29 830 (Previous year ₹ 4 29 830)]	**-**	**-**	**-**
	(-)	(-)	(-)
Income			
a) Interest & Finance Income (including Premium on Preference Shares)	**166**	**65**	**231**
	(187)	(37)	(224)
b) Rent	**-**	**-**	**-**
	(1)	(-)	(1)
c) Dividend Income (₹ 42 10 544)	**-**	**-**	**-**
	(-)	(-)	(-)
d) Reimbursement of Expenditure (*₹ 39 05 151)	**- ***	**6**	**6**
	(1)	(2)	(3)
e) Management Fees (Previous year ₹ 21 82 017)	**-**	**6**	**6**
	(-)	(-)	(-)
Expenditure			
a) Finance cost	**-**	**2**	**2**
	(-)	(-)	(-)
b) Miscellaneous	**-**	**2**	**2**
	(-)	(2)	(2)
Contingent Liability			
a) Guarantees to Banks and Financial Institutions on behalf of third parties	**-**	**77**	**77**
	(-)	(80)	(80)

D. The nature and volume of material transactions for the year with above related parties are as follows:

Debentures			
a) Issued during the year			
i) Reliance Life Insurance Company Limited	**-**	**25**	**25**
	(-)	(-)	(-)
b) Balance as at March 31, 2012			
i) Reliance Life Insurance Company Limited	**-**	**25**	**25**
	(-)	(-)	(-)
c) Accrued interest on debentures as at March 31, 2012			
i) Reliance Life Insurance Company Limited (₹ 23 56 164)	**-**	**-**	**-**
	(-)	(-)	(-)
Commercial Papers			
a) Issued during the year			
i) Reliance Life Insurance Company Limited	**-**	**682**	**682**
	(-)	(-)	(-)
b) Repaid during the year			
i) Reliance Life Insurance Company Limited	**-**	**299**	**299**
	(-)	(-)	(-)
c) Balance as at March 31, 2012			
i) Reliance Life Insurance Company Limited	**-**	**482**	**482**
	(-)	(-)	(-)
Investments			
a) Subscribed / Purchased during the year			
i) Reliance Land Private Limited	**-**	**125**	**125**
	(-)	(-)	(-)

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		Fellow Subsidiaries	Associates	Total
ii)	Reliance Share & Stock Brokers Private Limited	**-**	**-**	**-**
		(-)	(77)	(77)
iii)	Reliance Big Entertainment Private Limited	**11**	**-**	**11**
		(-)	(-)	(-)
b)	Balance as at March 31, 2012			
i)	Reliance Land Private Limited	**-**	**486**	**486**
		(-)	(361)	(361)
ii)	Reliance Share & Stock Brokers Private Limited	**-**	**86**	**86**
		(-)	(86)	(86)
iii)	Reliance Big Entertainment Private Limited	**1 393**	**-**	**1 393**
		(1 382)	(-)	(1 382)
iv)	Reliance Communications Limited	**307**	**-**	**307**
		(95)	(-)	(95)
v)	Reliance Asset Reconstruction Company Limited	**-**	**49**	**49**
		(-)	(49)	(49)
vi)	Ammolite Holdings Limited	**-**	**29**	**29**
		(-)	(29)	(29)
vii)	Reliance Life Insurance Company Limited	**-**	**3 717**	**3 717**
		(-)	(-)	(-)
Premium accrued on investment				
a)	Balance as at March 31, 2012			
i)	Reliance Land Private Limited	**-**	**107**	**107**
		(-)	(47)	(47)
ii)	Ammolite Holdings Limited	**-**	**19**	**19**
		(-)	(14)	(14)
iii)	Reliance Big Entertainment Private Limited	**365**	**-**	**365**
		(206)	(-)	(206)
Loans Given				
a)	Given during the year			
i)	Reliance Land Private Limited	**-**	**17**	**17**
		(-)	(128)	(128)
ii)	Zapak Digital Entertainment Limited	**20**	**-**	**20**
		(20)	(-)	(20)
iii)	Jump Games Private Limited	**5**	**-**	**5**
		(5)	(-)	(5)
iv)	Reliance Asset Reconstruction Company Limited	**-**	**3**	**3**
		(-)	(-)	(-)
v)	Reliance Big Entertainment Private Limited	**61**	**-**	**61**
		(-)	(-)	(-)
b)	Returned during the year			
i)	Reliance Land Private Limited	**-**	**140**	**140**
		(-)	(4)	(4)
ii)	Reliance Asset Reconstruction Company Limited	**-**	**8**	**8**
		(-)	(6)	(6)
iii)	Reliance Big Entertainment Private Limited	**24**	**-**	**24**
		(-)	(-)	(-)
iv)	Zapak Digital Entertainment Limited	**20**	**-**	**20**
		(-)	(-)	(-)
v)	Jump Games Private Limited	**5**	**-**	**5**
		(-)	(-)	(-)
vi)	Reliance Life Insurance Company Limited	**-**	**2**	**2**
		(-)	(-)	(-)
c)	Balance as at March 31, 2012			
i)	Reliance Land Private Limited	**-**	**13**	**13**
		(-)	(136)	(136)
ii)	Zapak Digital Entertainment Limited	**20**	**-**	**20**
		(20)	(-)	(20)

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		Fellow Subsidiaries	Associates	Total
iii)	Jump Games Private Limited	**5**	**-**	**5**
		(5)	(-)	(5)
iv)	Reliance Asset Reconstruction Company Limited	**-**	**5**	**5**
		(-)	(10)	(10)
v)	Reliance Big Entertainment Private Limited	**38**	**-**	**38**
		(2)	(-)	(2)
vi)	Reliance Life Insurance Company Limited	**-**	**16**	**16**
		(-)	(-)	(-)
Trade Receivables				
a)	Balance as at March 31, 2012			
i)	Reliance Communications Infrastructure Limited	**1**	**-**	**1**
		(3)	(-)	(3)
Advances				
a)	Balance as at March 31, 2012			
i)	Reliance Communications Infrastructure Limited	**-**	**-**	**-**
		(1)	(-)	(1)
ii)	Reliance Life Insurance Company Limited	**-**	**4**	**4**
		(-)	(-)	(-)
Trade Payables				
a)	Balance as at March 31, 2012			
i)	Big Flicks Private Limited [₹ 4 29 830 (Previous year ₹ 4 29 830)]	**-**	**-**	**-**
		(-)	(-)	(-)
Income				
a)	Interest & Finance Income (including Premium on Preference Shares)			
i)	Reliance Land Private Limited	**-**	**61**	**61**
		(-)	(32)	(32)
ii)	Ammolite Holdings Limited	**-**	**5**	**5**
		(-)	(5)	(5)
iii)	Reliance Big Entertainment Private Limited	**162**	**-**	**162**
		(186)	(-)	(186)
b)	Rent			
i)	Reliance Communications Infrastructure Limited	**-**	**-**	**-**
		(1)	(-)	(1)
c)	Dividend Income			
i)	Reliance Communications Infrastructure Limited (₹ 42 10 544)	**-**	**-**	**-**
		(-)	(-)	(-)
d)	Reimbursement of Expenditure			
i)	Reliance Communications Infrastructure Limited (₹ 32 15 245)	**-**	**-**	**-**
		(1)	(-)	(1)
ii)	Reliance Asset Reconstruction Company Limited	**-**	**1**	**1**
		(-)	(2)	(2)
iii)	Reliance Land Private Limited [₹ 4 63 890 (Previous year ₹ Nil)]	**-**	**-**	**-**
		(-)	(-)	(-)
iv)	Reliance Big Entertainment Private Limited [₹ 4 850 (Previous year ₹ 6 00 000)]	**-**	**-**	**-**
		(-)	(-)	(-)
v)	Reliance Life Insurance Company Limited	**-**	**5**	**5**
		(-)	(-)	(-)
e)	Management Fees			
i)	Reliance Asset Reconstruction Company Limited (Previous year ₹ 21 82 017)	**-**	**-**	**-**
		(-)	(-)	(-)
ii)	Reliance Life Insurance Company Limited	**-**	**6**	**6**
		(-)	(-)	(-)
Expenditure				
a)	Finance cost			
i)	Reliance Life Insurance Company Limited	**-**	**2**	**2**
		(-)	(-)	(-)

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Notes to Consolidated Financial Statements as at March 31, 2012

(₹ in crore)

		Fellow Subsidiaries	Associates	Total
b)	Miscellaneous expenditure			
i)	Reliance Land Private Limited	**-**	**2**	**2**
		(-)	(2)	(2)
Contingent Liability				
a)	Guarantees to Banks and Financial Institutions			
i)	Ammolite Holdings Limited	**-**	**77**	**77**
		(-)	(80)	(80)

Key Managerial Personnel (Employee benefit expenses)

a) Shri V. R. Mohan ₹ 68 54 397 (Previous year ₹ 42 00 000)
- Employee benefit expenses ₹ 68 54 397 (Previous year ₹ 42 00 000)
- Loan given balance as at March 31, 2012 ₹ 4 49 751 (Previous year ₹ 4 64 151)

Enterprise over which individual described in clause A (iii) above has control

Reliance Power Limited
- Commercial Paper subscribed & redeemed ₹ 224 crore (Previous year Nil)
- Investment balance as at March 31, 2012 ₹ 3 crore

Notes :

i) Figures in bracket indicate previous year figures.

ii) Expenses incurred towards public utilities services such as telephone, IT maintenance and electricity charges have not been considered for related party transaction.

iii) The above disclosed transactions entered during the period of existence of related party relationship. The balances and transactions are not disclosed before existence of related party relationship and after cessation of related party relationship.

iv) In addition to the above, Commission of ₹ Nil (Previous year ₹ 6 crore) and Director Sitting Fees of ₹ 1,00,000 (Previous year ₹ 80,000) has been paid to Shri Anil D. Ambani, an individual having control.

v) Investments in Unilazer Media Ltd and Reliance Capital Partner's stake in the share capital of Fame India Limited and Ravisant Private Limited though in excess of 20%, these investments have been made with an intention to sell in near future. In terms of the provisions of Accounting Standard (AS) 18 on "Related Party Disclosures" as per Companies (Accounting Standard) Rules 2006 on aforesaid Companies, the Company does not exercise any "Significant Influence" in the said Companies, hence the transactions with these parties are not considered for Related Party Disclosures.

vi) Pursuant to the Scheme of Amalgamation ("the Scheme") between Company and Viscount Management Services (Alpha) Limited (VMSAL) (Refer Note No. 31 A I iii) entire issued, subscribed and paid up share capital of VMSAL was held by the Company and was cancelled. Therefore, for the purpose of above disclosures the same has not been considered.

41 Auditors' remuneration includes:

(₹ in crore)

		2011-12	2010 - 11
i)	Audit fees	**2**	2
ii)	Tax audit fees [₹ 8 45 618 (Previous year ₹ 7 30 000)]	**-**	-
iii)	Reimbursement of out of pocket expenses [₹ 2 29 434 (Previous year ₹ 5 24 420)]	**-**	-
Total		**2**	**2**

42 Leases

Details of Future Minimum Lease Receivables are as under :

(₹ in crore)

	2011-12	2010-11
Within one year of the balance sheet date	**21**	10
Due in a period between one year and five years	**50**	29
Due after five years	**-**	1

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Notes to Consolidated Financial Statements as at March 31, 2012

Details of future minimum lease rent payable under operating lease for each of the following periods:

(₹ in crore)

	2011-12	2010-11
Not later than one year	**8**	18
Later than one year and not later than five years	**7**	18
Later than five years	**-**	-

43 Basic and diluted earnings per share:

The computation of earnings per share is set out below

(₹ in crore)

		2011-12	2010-11
a)	Amounts used as the numerators		
	Net profit after tax	**458**	291
	Net profit attributable to equity shareholders	**458**	291
b)	Weighted average number of equity shares (Nos.)	**24 56 32 800**	24 56 32 800
c)	Basic earnings per share of face value ₹ 10 each (₹)	**18.64**	11.85
d)	Diluted earnings per share of face value ₹ 10 each (₹)	**18.64**	11.85

44 Contingent Liabilities and Commitments (As Certified by the Management)

(₹ in crore)

		March 31, 2012	March 31, 2011
Contingent Liabilities			
i)	Guarantees to banks and financial institutions	**1 454**	1 425
ii)	Claims against the company not acknowledge as debt	**27**	14
iii)	Outstanding forward exchange contract	**38**	40
Commitments			
i)	Estimated amount of contracts remaining to be executed on capital account (net of advances)	**87**	72
ii)	Undrawn committed credit lines	**481**	635
iii)	Uncalled amount of investments	**170**	401

Share of company in contingent liabilities and capital commitments of an associate are as follows

(₹ in crore)

		March 31, 2012	March 31, 2011
Contingent Liabilities			
i)	Claims against the Company not acknowledge as debt	**6**	-
ii)	Statutory Demands /liabilities in disputed not provided for	**7**	-
Commitments			
i)	Commitment towards fixed Assets	**38**	33
ii)	Other commitments	**8**	-

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Notes to Consolidated Financial Statements as at March 31, 2012

45 The subsidiary / associate companies considered in the consolidated financial statements with their proportion of ownership are as under

Name	Country of Incorporation	year Ending	Proportion of ownership (Interest)
List of Subsidiaries			
Reliance Capital Asset Management Limited	India	March 31, 2012	92.94%
Reliance Asset Management (Mauritius) Limited	Mauritius	March 31, 2012	92.94%
Reliance Asset Management (Singapore) Pte Limited	Singapore	March 31, 2012	92.94%
Reliance Capital Asset Management (UK) Plc	United Kingdom	March 31, 2012	92.94%
Reliance Asset Management (Malaysia) SDN BHD	Malaysia	March 31, 2012	92.94%
Reliance Capital Pension Fund Limited	India	March 31, 2012	92.94%
Reliance General Insurance Company Limited	India	March 31, 2012	96.46%
Reliance Capital Trustee Co. Limited	India	March 31, 2012	100.00%
Reliance Gilts Limited	India	March 31, 2012	100.00%
Reliance Money Precious Metals Private Limited (Formerly Reliance Capital Research Private Limited)	India	March 31, 2012	100.00%
Reliance Venture Asset Management Private Limited	India	March 31, 2012	100.00%
Reliance Money Express Limited	India	March 31, 2012	100.00%
Reliance Equity Advisors (India) Limited	India	March 31, 2012	100.00%
Reliance Equities International Private Limited	India	March 31, 2012	100.00%
Reliance Home Finance Limited (Formerly Reliance Home Finance Private Limited)	India	March 31, 2012	100.00%
Reliance Securities Limited	India	March 31, 2012	99.60%
Reliance Composite Insurance Broking Limited	India	March 31, 2012	51.79%
Reliance Commodities Limited	India	March 31, 2012	100.00%
Reliance Financial Limited	India	March 31, 2012	100.00%
Reliance Alternative Investments Services Private Limited	India	March 31, 2012	100.00%
Reliance Wealth Management Limited	India	March 31, 2012	100.00%
Reliance Spot Exchange Infrastructure Limited	India	March 31, 2012	100.00%
Reliance Exchangenext Limited	India	March 31, 2012	100.00%
Reliance Investment Banking Services Limited	India	March 31, 2012	100.00%
Reliance Capital (Singapore) Pte Limited	Singapore	March 31, 2012	100.00%
Reliance Consultants (Mauritius) Limited	Mauritius	March 31, 2012	100.00%
Quant Capital Private Limited	India	March 31, 2012	74.00%
Quant Broking Private Limited	India	March 31, 2012	74.00%
Quant Capital Advisors Private Limited	India	March 31, 2012	74.00%
Quant Securities Private Limited	India	March 31, 2012	74.00%
Quant Commodity Broking Private Limited	India	March 31, 2012	74.00%
Quant Commodities Private Limited	India	March 31, 2012	74.00%
Quant Investments Services Private Limited	India	March 31, 2012	74.00%
Quant Capital Finance And Investments Private Limited	India	March 31, 2012	74.00%
QOPPA Trading Private Limited	India	March 31, 2012	74.00%

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Notes to Consolidated Financial Statements as at March 31, 2012

Name	Country of Incorporation	year Ending	Proportion of ownership (Interest)
QCAP Trade Private Limited (Formerly Valankulam Investments and Trading Private Limited)	India	March 31, 2012	74.00%
List of Associates			
Reliance Land Private Limited	India	March 31, 2012	50.00%
Reliance Share & Stock Brokers Private Limited	India	March 31, 2012	50.00%
Indian Commodity Exchange Limited	India	March 31, 2012	26.00%
Ammolite Holdings Limited	Jersey	March 31, 2012	* 50.00%
Reliance Asset Reconstruction Company Limited	India	March 31, 2012	49.00%
Reliance Life Insurance Company Limited	India	March 31, 2012	38.78%
Partnership Firm			
Reliance Capital Partners (Partnership Firm)	India	March 31, 2012	#

Note:-

a) # Proportion of ownership interest in Partnership firm is on the basis of weighted average capital

b) * The Financial statements of Ammolite Holdings Ltd., have been certified by the management

46 The Company's stake in the Share Capital of Unilazer Media Ltd. and Reliance Capital Partner's stake in the share capital of Fame India Limited and Ravisant Private Limited is in excess of 20% each. These investments made by the Company are strategic in nature, with an intention to sell these investments in the near future.

a) In accordance with Para 7 of Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements as per the Companies (Accounting Standards), Rules 2006, these investments have not been accounted for as associates in the preparation of consolidated financial statements.

b) The Company does not have any "Significant Influence" on these companies, as defined by Accounting Standard (AS-18) on Related Party Disclosures as per the Companies (Accounting Standards), Rules 2006 and hence the transaction with these parties have not been considered for Related Party Disclosures.

47 Pursuant to MOU entered by the Company with Quant Capital Private Limited, Quant has reversed 2 crore provision on impairment of assets earlier provided for.

48 Goodwill of ₹ 3,627 crore (Previous year ₹ 28 crore) arising at the time of acquisition of associates has been included in the carrying amount of investments in associates, as per Accounting Standard-23 (AS-23) on "Accounting for Investment in Associates in Consolidated Financial Statements"

49 Pursuant to the general exemption granted by the Ministry of Corporate Affairs, Government of India, the Parent Company is publishing the consolidated and standalone financial statements of Reliance Capital Limited and its subsidiaries. The requisite financial information of subsidiaries have been furnished by the management as a part of annual report.

As per our report of even date

For **Chaturvedi & Shah**
Chartered Accountants
Firm Reg. No.: 101720W

Vijay Napawaliya
Partner
Membership No.: 109859

Mumbai
Dated: May 19, 2012

For **B S R & Co.**
Chartered Accountants
Firm Reg. No.: 101248W

N Sampath Ganesh
Partner
Membership No.: 042554

For and on behalf of the Board

Chairman **Anil D. Ambani**
Vice Chairman **Amitabh Jhunjhunwala**

Directors **Rajendra P. Chitale**, **C. P. Jain**, **Dr. Bidhubhusan Samal**, **V. N. Kaul**

President & Company Secretary **V. R. Mohan**

Mumbai
Dated: May 19, 2012

(₹ in crore)

Sr. No	Name	Country of Incorporation	Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in subsidiaries)	Turnover/ Total Income	Profit/ (loss) before Taxation	Provisions for Taxation	Profit/ (loss) after Taxation	Proposed Dividend
1	Reliance Capital Asset Management Ltd.	India	10.71	1,190.25	1,503.43	302.47	527.60	642.29	337.56	61.45	276.11	161.28
2	Reliance Capital Trustee Co. Ltd.	India	0.05	0.53	0.58	0.00	0.51	0.24	0.09	0.03	0.06	-
3	Reliance General Insurance Company Ltd.	India	121.19	600.18	3,080.94	2,359.57	2,709.70	2,191.79	(341.60)	1.60	(343.20)	-
4	Reliance Gilts Ltd.	India	7.00	(3.05)	3.96	0.01	3.96	0.27	0.26	-	0.26	-
5	Reliance Asset Management (Mauritius) Ltd.	Mauritius	9.97	(3.36)	10.37	3.76	-	11.10	1.60	0.07	1.53	-
6	Reliance Asset Management (Singapore) Pte. Ltd.	Singapore	8.09	43.48	55.04	3.47	48.76	7.34	(15.19)	-	(15.19)	-
7	Reliance Money Express Ltd.	India	28.81	11.25	65.28	25.22	-	40.41	8.70	1.56	7.14	-
8	Reliance Money Precious Metals Pvt. Ltd.	India	0.03	(0.03)	0.01	0.01	-	-	-	-	-	-
9	Reliance Venture Asset Management Pvt. Ltd.	India	0.01	2.60	2.64	0.03	-	2.93	(1.06)	-	(1.06)	-
10	Reliance Equity Advisors (India) Ltd.	India	0.05	(14.47)	23.27	37.69	8.13	23.16	2.81	0.55	2.26	-
11	Reliance Capital Asset Management (UK) Plc	UK	20.69	(19.59)	1.77	0.67	-	3.02	(6.04)	-	(6.04)	-
12	Reliance Composite Insurance Broking Ltd.	India	2.50	8.15	15.40	4.74	2.70	15.04	(2.27)	-	(2.27)	-
13	Reliance Equities International Pvt. Ltd.	India	15.00	26.20	41.31	0.12	-	0.31	0.26	0.08	0.19	-
14	Reliance Home Finance Ltd.	India	32.91	360.85	2,571.99	2,178.23	38.76	339.16	39.66	13.21	26.45	-
15	Reliance Capital (Singapore) Pte Ltd.	Singapore	9.54	0.47	10.03	0.02	-	-	0.09	-	0.09	-
16	Reliance Securities Ltd.	India	150.00	33.75	326.84	143.09	85.59	120.26	7.51	1.51	6.00	-
17	Reliance Commodities Ltd.	India	3.00	8.74	60.04	48.30	-	25.07	7.44	2.46	4.99	-
18	Reliance Financial Ltd.	India	11.00	31.15	44.03	1.88	-	5.90	3.03	1.30	1.73	-
19	Reliance Investment Banking Services Ltd.	India	7.00	0.10	7.11	0.00	7.07	0.00	(0.00)	-	(0.00)	-
20	Reliance Wealth Management Ltd.	India	11.50	(3.83)	8.20	0.53	3.32	2.46	(2.87)	-	(2.87)	-
21	Reliance Alternative Investments Services Pvt. Ltd.	India	0.01	0.02	0.05	0.01	-	0.06	(0.03)	-	(0.03)	-
22	Reliance Asset Management (Malaysia) SDN BHD	Malaysia	16.10	(10.43)	5.84	0.18	-	0.55	(10.39)		(10.39)	-
23	Reliance Consultants (Mauritius) Ltd.	Mauritius	0.26	(0.01)	0.24	-	-	0.19	(0.12)		(0.12)	-
24	Reliance Capital Pension Fund Ltd.	India	12.00	0.20	12.27	0.07	12.08	0.68	0.06	(1.54)	1.60	-
25	Reliance Spot Exchange Infrastructure Ltd.	India	17.65	(20.73)	4.12	7.21	0.00	0.56	(5.51)	-	(5.51)	-
26	Reliance Exchangenext Ltd.	India	6.91	59.33	73.46	7.22	47.62	0.44	(1.48)	(0.01)	(1.47)	-
27	Quant Broking Pvt. Ltd.	India	18.01	145.12	554.83	391.70	1.00	82.73	7.68	0.94	6.74	-
28	Quant Capital Advisors Pvt. Ltd.	India	0.11	2.45	3.41	0.85	2.00	2.16	0.03	0.02	0.01	-
29	Quant Capital Pvt. Ltd.	India	10.01	192.76	443.75	240.98	-	0.47	0.42	0.13	0.30	-
30	Quant Securities Pvt. Ltd.	India	1.50	0.06	103.62	102.07	-	3.34	0.06	0.02	0.03	-
31	Quant Commodity Broking Pvt. Ltd.	India	0.14	1.42	65.23	63.68	-	1.06	0.32	0.07	0.25	-
32	Quant Commodities Pvt. Ltd.	India	0.21	8.31	106.95	98.43	-	16.66	4.97	1.47	3.50	-
33	Quant Investments Services Pvt. Ltd.	India	0.74	5.79	6.95	0.42	-	3.16	0.09	0.04	0.05	-
34	Quant Capital Finance And Investments Pvt. Ltd.	India	3.83	18.13	24.69	2.73	-	8.05	2.79	0.91	1.87	-
35	QOPPA Trading Pvt. Ltd.	India	0.52	0.02	43.61	43.07	-	3.43	(0.03)	-	(0.03)	-
36	QCAP Trading Pvt. Ltd.	India	0.52	0.37	10.64	9.75	-	3.08	0.45	0.14	0.31	-

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ATTENDANCE SLIP

Reliance Capital Limited

Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

Please fill attendance slip and hand it over at the entrance of the meeting venue
Joint shareholders may obtain additional attendance slip on request.

DP. Id*		**Regd. Folio No.**	
Client Id*		**No. of Share(s) held**	

Name and address of the shareholder

I/we hereby record my/our presence at the 26th Annual General Meeting on Tuesday, September 4, 2012 at 10:00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020.

Signature of the shareholder or proxy
*Applicable for investors holding share(s) in electronic form.

..... TEAR HERE

PROXY FORM

Reliance Capital Limited

Registered Office: H Block, 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai 400 710

DP. Id*		**Regd. Folio No.**	
Client Id*		**No. of Share(s) held**	

I/We.....of..... in the district of.....
being a member/members of Reliance Capital Limited hereby appoint.....
of..... in the district of.....or failing him/her
.....of..... in the district of.....as my/our proxy to vote for me/us and on my/our behalf at the 26th Annual General Meeting on Tuesday, September 4, 2012 at 10:00 a.m., at Birla Matushri Sabhagar, 19, New Marine Lines, Mumbai 400 020 or at any adjournment thereof.

Signed this.....day of.....2012.

* Applicable for investors holding shares in electronic form.

Affix Re. 1/- revenue stamp

Note: (1) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

(2) Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.

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